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ABSTRACT

The proceedings of the conference are summarized, including a symposium discussion following the formal conference. Contents include: two views of the present advisory structure for student aid (The Case for Maintaining and Expanding the Coalition for the Coordination of Student Financial Aid, by Robert H. Atwell, and The Need for Developing a Governance Structure in Student Aid: An Alternative View, by Robert H. Fenske); communication and influence in student aid (recent coordination efforts, the federal government and the student aid community, and communication and the student aid partnership); policy and governance issues (the federal influence on student aid, policy implications, and governance issues); administrative problems and issues (state level concerns, centralization, and the role of the aid administrator); the role of research (current research activities, and dissemination and communication); and a new role for the coalition (interface with the federal government, and the role of student aid administrators in the new coalition). Appended are a list of conference leaders and a call for expansion, reorganization, and funding of the Coalition for the Coordination of Student Financial Aid. (MSE)

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Renewing and Developing the Partnership: Federal/State/Campus Cooperation in Student Financial Aid

Edited by Robert H. Fenske
with Patricia L. Clark

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Renewing and Developing the Partnership: Federal/State/Campus Cooperation in Student Financial Aid

Edited by Robert H. Fenske
with Patricia L. Clark

Report of the 1980 Conference on Student Financial Aid

Sponsored by
The Department of Higher and Adult Education
Arizona State University

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Arizona Association of Student Financial Aid Administrators
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Arizona State University

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SECTION I

Introduction, Overview, and Acknowledgments

Introduction

The financing of students in postsecondary education is one area in which the development of comprehensive and fully-articulated public policy is crucial to the achievement of many larger social goals.
—Francis Keppel, Aspen Institute for Humanistic Studies, and former Commissioner, Office of Education.[1]

It was in recognition of the need stated by Keppel that the Department of Higher and Adult Education at Arizona State University developed the conference on which this report is based.

Planning for the conference occurred in the fall of 1979. In many respects this was a pivotal period in student financial aid. A number of forces and events had coincided at that time to indicate the end of an era and to reveal almost total uncertainty about the shape of things to come. Congressional debates on reauthorization of Title IV of the Higher Education Act of 1965 were well under way on the bill (H.R. 5192) which was to be enacted in October 1980 after lengthy debate and modification. In view of the impending reauthorization and the unexpectedly strong challenge of the tax credit bill in the previous Congress, there was considerable uncertainty about the future of need-based aid and the predominance of the federal government in student aid.

In the absence of any overall coordinating body which could help determine policies, and in the apprehensive atmosphere of undefined impending changes, the existing attempts at coordination were at something of a standstill. The National Task Force on Student Financial Aid Problems (often called the Keppel Task Force) had long since completed its work. One of its recommendations had resulted in the development of the Coalition for the Coordination of Student Financial Aid, which was under the nominal sponsorship of the American Council on Education (ACE) and the Education Commission of the States (ECS). The Coalition, whose activities and background development are reviewed in the following sections, was in some disarray since it dealt primarily with the same technical matters that were pending in the congressional debates. A panel of experts had been convened during the previous year to advise the federal government on various technical and procedural matters. And finally, the Aspen

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[1] William D. Van Dusen, ed., *The Coming Crisis in Student Aid*. (Aspen Institute for Humanistic Studies, 1979), p. v.

Institute for Humanistic Studies had sponsored two conferences in the preceding two years to deal with matters of coordination.

But as of fall 1979, little or nothing was occurring to bring together the different constituencies of the student financial aid community to discuss the many implications of the impending changes, especially in the area of governance and coordination.

One of the recommendations of the Keppel Task Force was that a group be established to act as an effective but informal and unofficial body to foster cooperation among the various constituencies in the student financial aid community. The term "partnership" was frequently used in developing this concept—cooperation among the three major sectors of student aid, namely, the federal government, the state-level student aid agencies, and the campus aid administrators. The Coalition was formed to carry out that purpose. As described in later sections, it achieved a considerable measure of success given its lack of funding and the fact that it was not sanctioned by statutory authority or official recognition by the major associations in the field. There was, however, general support among the major constituencies and willing, effective participation in the Coalition's activities. The parameters of the Coalition's work restricted it primarily to technical and procedural matters. The "partnership" thus developed as best it could within a voluntary organization that occasionally encountered adversary situations that could potentially be dominated or ignored by the federal "partner," which by 1979 provided about 80 percent of all student financial aid gift funds. The fact that the Coalition was *not* so treated by the dominant partner is a tribute to the good sense and spirit of community that generally existed within the federal bureaucracy.

With this background of voluntary efforts toward coordination, it seemed highly desirable to develop a conference setting in which some of the most significant leaders of the total student financial aid community could meet on "neutral" grounds. Previous meetings and conferences on student aid were typically affiliated with one of the major sectors or with certain viewpoints and influences. The Coalition met specifically as representatives of various viewpoints; the annual meetings of the National Association of Student Financial Aid Administrators (NASFAA) and the National Association of State Scholarship and Grant Programs (NASSGP), as well as the various conferences called by the federal agencies, all had specific agendas relating to the conveners' purposes. Other meetings had less obvious agendas, but seemingly all had fairly obvious orientations and perspectives.

The 1980 Arizona State University Conference on Student Financial Aid had a dual purpose: to provide for a symposium of student aid leaders that would explore the problems and prospects of the partnership (including aspects of governance and coordination), and to provide for interaction between these student aid leaders and campus aid administrators based in Arizona. It was felt that, in addition to the obvious benefits for the campus administrators, it would

also benefit the student aid leaders to be in direct contact with campus administrators as they considered the more abstract problems of governance and coordination. The conference was specifically *not* designed to reach conclusions or to develop recommendations, but rather to provide an informal setting for open and candid expression of views and concerns. To a great extent this occurred, but it would be naive to assume that student aid leaders with highly responsible and visible roles in their own organizations would interact entirely untrammeled by their official responsibilities. What happened was gratifying to the conference organizers, edifying to the campus administrators, and highly useful to the program participants. In the general conference sessions the leaders effectively represented their organizations' positions and their own views to those attending the conference. Following the general sessions, a select group of the conference leaders were cloistered for a half-day symposium uninhibited by the presence of any audience.

The proceedings reported herein summarize many of the views and concerns expressed by the program participants and, to some extent, members of the session audiences in the general conference; they also include a summary of the discussion in the symposium following the conference. The material is organized thematically without regard to the setting in which the discussion occurred. Furthermore, and most important, *none* of the material is attributed to any individual speaker or official viewpoint. This has the advantage of presenting to the student aid community valuable and significant information that would otherwise not be released for publication by those concerned with compromising the position of any person, organization, or agency.

Overview

The remaining sections of this report fall into two categories. The first (section II) comprises two background papers developed specifically for discussion in a postconference invitational symposium, which included a subgroup of the conference leaders listed in Appendix A. The views in these two papers represent those of their authors, as indicated in an editorial note preceding the section. The second category includes the remaining sections (III-VII) of the report, and presents the edited summarizations of the symposium and conference sessions. As indicated in the editorial note introducing section III, the statements in these summarizations are presented without attribution for the reasons specified.

The summarizations in sections III through VII were developed by careful editing and reediting from verbatim transcripts of audio tapes of the symposium and conference sessions. Thorough familiarity with this material enabled the editors to arrange it topically so that the summaries become coherent and accessible to the reader. At all stages the editors made every effort to retain the exact meaning of the statements, and to exclude none that were of potential high interest to the student aid community, regardless of the viewpoint of the speaker, discussant, or audience member.

Acknowledgments

The conference would not have been possible without the financial support of The Arizona Association of Student Financial Aid Administrators, the Arizona Commission on Postsecondary Education, and the Student Financial Aid Office of the Office of Student Affairs, Arizona State University. The American College Testing Program (ACT) deserves recognition for its willingness to publish this report as a service to the student financial aid community. The editor wishes to give special thanks to Patricia L. Clark for her expert assistance in the final editing stages, and many thanks are due to the numerous Arizona student aid administrators who helped develop the conference. Appendix A lists program participants who led conference sessions and/or participated in the special symposium.

The conference was held at Arizona State University, Tempe, Arizona, on February 28-29, 1980; the symposium followed on March 1 at Registry Resort in nearby Scottsdale, Arizona.

Finally, it is sincerely hoped that this report will be helpful in future consideration of the persistent problems of governance and coordination in student financial aid.

SECTION II

Two Views of the Present Advisory Structure for Student Aid

Editor's Note: In this section the two background papers prepared for the conference are reprinted in their entirety. The first paper, by Robert H. Atwell, Vice President of the American Council on Education, advocates retention of the present advisory structure but suggests that it be expanded substantially to accommodate additional viewpoints. He also recommends that the Coalition be reconstituted ("reborn," as he terms it) on a somewhat more formal basis and provided with funds to support a small permanent staff. Atwell indicates that the Coalition has worked tolerably well within its limitations and that no compelling need for drastic change has been identified. He further contends that an expanded and strengthened Coalition is the most feasible advisory structure under present constraints, and is likely to be an effective means of communication and influence for the student aid community.

The second paper was developed by Robert H. Fenske, Professor of Higher Education, Arizona State University, to widen the basis for the conference discussion by providing alternative views to the Atwell paper. The Fenske paper suggests that the volunteer advisory structure may be a palliative that is unlikely to make lasting and significant contributions toward the urgently needed development of a governance structure. He reviews the major problems facing the student aid community and the reasons that student aid has become critically important to most sectors of postsecondary education. Several possible alternative governing and/or advisory structures are described.

The Case for Maintaining and Expanding the Coalition for the Coordination of Student Financial Aid

Robert H. Atwell

I have been asked to address the question of how to improve the prospects for something that I would argue never existed—namely the partnership in the governance of student financial assistance. The problem may well be with my too rigid definition of "partnership," which I always thought carried connotations of equality. If our definition of the term implies that some partners are more equal than others, then we have a workable basis for discussion. I would not call that a partnership, but would rather use the corporate model of principal or majority

stockholders in juxtaposition to the small investor. My response to the assignment is organized in three parts: what are the decisions to be made; how are those decisions made now, and what is wrong with the status quo; and finally, what ought to be done.

The Elements of Decision Making

The question is, who calls the shots in student financial aid and who should? The answer is that the federal government calls most of them these days, but we do need to understand what "the shots" are and who "they" really are. What are the major components of "governance," to use the term set forth by the conveners of the conference?

The paper will be limited to the governance and administration of need-based aid for undergraduate students, which accounts for most of the available student financial aid funds and thus ignores veterans' programs, social security payments, athletic scholarships, and other entitlement or merit programs. Need-based aid is generally awarded on the basis of this simple principle:

Student expenses
- Expected family contribution
= Need

The institution—or in the case of some public institutions, the governor or the legislature—determines the fees of the institution, which together with allowances for books, transportation, and living expenses make up the student expense budgets for financial aid purposes. More will be said later about student expense budgets, but at this point it is sufficient to say that the institution has remained relatively autonomous in determining the student expense budgets that are used to assess eligibility for campus-based aid programs.

The expected family contribution is determined mainly by the Uniform Methodology, which is based on available family income (after-tax income minus extraordinary medical and dental expenses minus the allowances for standard maintenance and housekeeping expenses) plus a supplement (if applicable) from net worth times the tax rate on discretionary income, all of which is divided by the number of family members enrolled in postsecondary education.

The resultant parental contribution, plus the student contribution, equals the expected family contribution. There are some highly judgmental factors entering into the equation, including:

—the standard maintenance allowance

—the asset protection allowances which enter into the conversion rate to generate the income supplement

—the asset conversion rate

—the tax rate on discretionary income

—summer earnings and savings expectations

—the treatment of independent students

As financial aid professionals well know, the calibration of these variables can profoundly affect the demand for aid.

Before 1972, what is now the Uniform Methodology was solidly in the hands of CSS and ACT. Since 1972, and in particular with the establishment of the Basic Educational Opportunity Grant Program, the federal government has entered the picture in a major way, first through USOE regulations governing program eligibility and then with congressional review of these regulations; with regulations on benchmark figures for expected family contribution for the campus-based programs; and finally, with specific legislative provisions in the Middle Income Student Assistance Act pertaining to rates of assessment of discretionary income. The House of Representatives version of the Education Amendments of 1980 (H.R. 5192) removes the legislative specifications on the assessment of discretionary income but specifically liberalizes the asset reserve; calls for a single needs analysis system to apply to campus-based programs as well as the Basic Grant Program, as well as a common federally-funded application process; and mandates liberalization in the treatment of commuter students not living at home, the miscellaneous expense allowance, and the treatment of newly married students and independent students.

So we now have a situation where there are different definitions of "need"—or, as some would say, where the distinction between need and program eligibility has become very important.

How and why did the balance of power in need analysis—all the factors which enter into expected family contribution—shift from the higher education community (via ACT and CSS) to the federal government? Obviously, in the first place, the increasing federal dollars and the increasing share of total aid which those dollars have come to represent made the federal takeover inevitable. Second, both ACT and CSS liberalized the various parameters of need analysis in the early 1970s, and this created more demand for both federal and institutional aid and certainly created a regulatory mood within the federal executive branch. Thus, the potential for manipulating need analysis as a rationing device was discovered or at least acknowledged. Third, in 1977 and 1978, the Congress suddenly discovered the middle class and convinced itself that there was a middle-income crunch concerning families' ability to finance higher education for their children. The conventional wisdom in the higher education community was—and is—that there is no middle-income crunch or, at least, if there is, that it can be handled by modest tinkering with the Uniform Methodology parameters. One of higher education's most creative moments on the national scene was to head off costly and ineffective tuition tax credits with further liberalizations of student aid. The Congress then became another factor tinkering with need

analysis to the point of actually setting forth the assessment rates on discretionary income for the BEOG Program.

I have pointed out on other occasions that there is no small irony in the fact that Congress takes a more liberal position on the question of need for financial aid than does the higher education community. The real brilliance in the whole matter was the higher education community's success in getting over $1 billion (counting Basic Grants and Guaranteed Student Loans) to take care of a problem whose existence it initially denied.

Institutions, operating with need analysis systems determined by ACT and CSS, lost influence with the advent of the BEOG Program and their sometimes inept use of the Uniform Methodology for rationing purposes, and also lost their preeminence in the determination of need. What about the states? The states have simply not been able to coordinate their efforts through ECS or other associations, and those with substantial student aid programs are stuck with a wide variety of program eligibility standards, established in legislation, which leave relatively little flexibility for interstate consortia.

Having examined the question of who determines student expense budgets and the expected family contribution, we turn now to the meeting of the need that results from the subtraction of expected family contribution from student expenses. Most institutions rely on the Uniform Methodology to determine need; but then the many different program eligibility standards, both federal and state, enter the picture. There is also the complicating factor that some programs are campus-based and others are administered by the granting (or lending) agency. I have always felt that financial aid officers are understandably partial to campus-based programs in which they have some control or at least some flexibility in the allocation of funds. I would go even further and assert, for the sake of argument, that one of the reasons that the BEOG Program has been undersubscribed, particularly in the early years and now immediately after passage of the Middle Income Student Assistance Act, is that financial aid officers did not care for the program. Consequently, they made no great effort to inform students or to check the applications, and hence undersubscription and a raft of applications rejected for technical reasons resulted. I have no data, only hunches.

After the differing program eligibility requirements of campus-based and direct programs are taken into account, the remaining need as measured by the Uniform Methodology (a) goes unmet; (b) is redefined or validated by the financial aid officer on the basis of a review of the actual circumstances of particular students; (c) or is met in whole or in part by institutional funds. The third alternative is most common in private institutions, because at public institutions, federal or state funds are sufficient to meet most need, or because institutional funds are insufficient or nonexistent. One of the least publicized and perhaps least understood issues in financial aid at the campus level is the policy of a particular institution on meeting need. This involves the question of whether all need will be met, whether it will be met differentially for different types of

students, or whether it will be met by self-help or gift funds.

All too few institutions have well-enunciated and understood policies on the proportion of need they will attempt to meet; on the differences in the quality of packages by educational level, academic performance, or some other criterion; and on self-help.

I would conclude that the majority vote in matters of meeting need goes to the providers of aid, meaning primarily the federal government, secondarily the state, and finally the institution. Theoretically, the aid officer has wide latitude in determining the amount of unmet need after federal and state funds are allocated. In practice, there is probably a great tendency simply to follow the results of the Uniform Methodology, and there is a wide range of institutional policies and practices.

Characterization of the Present Governance Situation

The first point to be made about the status quo is that a lot of students are being provided a lot of aid. Need-based aid pays one-third of the bills of all undergraduate college students. A lot of underpaid and overworked financial aid officers are doing an absolutely magnificent job on behalf of millions of students. A significant fact about the need-based system is that it is clearly propping up a lot of budgetarily weak independent institutions. Public support of independent higher education, a kind of political or constitutional "no-no" if done directly, is being done on a very large scale through that indirection which is the genius of the American political system.

So what's wrong? First, the system is so complex and consists of so many confusing and conflicting programs with different eligibility standards that the consumer is thoroughly confused and only the technicians begin to understand it. At the institutional level, one could probably count on the fingers of one hand those college presidents who are acquainted with the major policy questions about financial aid on their campus.

Second, institutional aid officers are underpaid, overworked, and submerged in the hierarchy, and generally have difficulty understanding—much less communicating—the big issues about aid in their own institution.

As a result of these and other factors, there is a lag between legislative changes and appropriations and the utilization of the available funds. Institutions are not asking for sufficient SEOG funds, so the funds are reallocated to the "sharp operators" in order to avoid having the funds lapse. The same is true of students in requesting the available BEOG funds. Thus, the entire community is embarrassed by the gap between real and expressed demand, or else we have simply overstated real demand.

The understaffing of aid offices and the growth of a rather insidious notion that a loan is a grant have created a situation in which the delinquency and default rates, particularly in the National Direct Student Loan Program, are a serious embarrassment. "Fraud, abuse, and error"—to use former Secretary Califano's term—are threatening to discredit the system, although the facts are never as bad as the horror stories and many of the horror stories are in the proprietary sector.

Finally, there is the fact that the aforementioned disagreement over the middle income crunch, while it resulted in substantial additional funding, also has led to further federal domination. The single need analysis system, and the parameters for that system set out in H.R. 5192 and the House report on that bill, reflect an important commitment by the House (through the leadership of Congressmen Ford, Buchanan, Perkins, and others) to the concept of need-based aid, but they also reflect a lack of faith in the ability or willingness of the higher education community to respond to legislative intent without very specific parameters.

The Bureau of Student Financial Assistance of USOE is concerned largely with what have come to be called "delivery system" questions. Most of these, such as loan collections, the single form, Multiple Data Entry, the calendar, and the validation systems, are of interest only to financial aid professionals. However, there are some important policy issues involved, including the formulas and systems used in distributing the campus-based program funds. For several years, the delivery system issues have been within the purview of the Coalition for the Coordination of Student Financial Aid, chaired by Charles Saunders of the American Council on Education and Richard Millard of the Education Commission of the States. The Coalition was established on recommendation of the National Task Force on Student Financial Aid (better known as the Keppel Task Force), which was formed in 1975 in the interests of better coordinating the multiple systems used in analyzing need. The Uniform Methodology was one of the major accomplishments of the Task Force. The Coalition was established as an informal and continuing method of dealing with the delivery system issues and has functioned very effectively to that end. Representatives of the Bureau of Student Financial Assistance participate in its meetings, together with virtually anyone else who wants to participate. There are no bylaws, no stated membership, no minutes, and no actions taken. It is simply a very useful discussion forum.

The appointment of a particularly strong Associate Commissioner for the Bureau of Student Financial Assistance, Leo Kornfeld, resulted in a more aggressive federal posture in the delivery system issues. Kornfeld was a very competent, charming, and energetic administrator who consulted widely with the higher education community but often preferred to deal with one group at a time and made it clear that he would abdicate none of what he viewed as his responsibilities to a partnership concept or to a consultative mechanism like the Coalition. He would always listen, but the decision was always his.

Where Do We Go from Here?

The future will necessarily be federally-dominated, because higher education is not reducing its demands on the federal treasury, and with dollars comes control. Any kind of true partnership is a pipe dream in a world in which one investor has an 80 percent share in the venture. It goes almost without saying that if the 20 percent shareholders are to have much influence at all, they will have to unite and they will have to earn their way. Institutional mismanagement of financial aid has by no means reached epidemic proportions, but it has become an embarrassment in terms of both loan collections and the underrequesting of federal funds. Overfunding is a seldom-mentioned topic; but my experience is that late at night, after a few drinks, many a financial aid officer will tell horror stories about increasing student expense budgets to spend the funds available, and we have all heard about people who regard Basic Grants as a welfare system.

So we must begin to put some meat on the bones of a concept to which much lip service has been given, namely self-regulation. To quote a friend, "There is nothing like the hot breath of voracious bureaucrats on one's neck to whet the appetite for self-regulation."

Most of the self-regulatory activities that I would urge fall into the first two parts of the three-part taxonomy I set forth at the outset of this paper; namely, student expense budgets and the need analysis parameters which determine expected family contribution. There simply must be some national standards of good practice, with regional and even institutional variations, by which student expense budgets are judged. The area of abuse is, of course, mainly in the allowances for books, transportation, and living expenses, but there is some unsubstantiated concern that institutions may be raising their fees because of the availability of federal funds. Closely related is the tuition refund policy which is already a model of a way in which the community can probably head off federal regulation by adopting standards of good practice.

The vehicle which I am suggesting for self-regulation, and for addressing other need analysis and delivery system issues not strictly regulatory in character, is a kind of reborn Coalition. The present Coalition has served the community well, but it suffers from two defects. It is too informal to be effective in the world of the future which may be more adversarial in character, and its participation does not include the heads of institutions nor the chief business officers. Moreover, it has no staff nor funding and has forsworn the policy issues, limiting itself to delivery system questions. Together with Frank Keppel, Art Marmaduke, Dick Millard, Bill Van Dusen, and others, I have been engaged in an effort to create a restructured coalition to be known as the National Student Aid Coalition (NSAC) which would consist of virtually all of the present members of the Coalition plus representatives of several major presidential associations and the general public. Representatives of the federal government would be invited to participate in most of the meetings but would not be members. NSAC would deal with both policy and delivery system questions, and foundation support would be sought for some

initial staffing with the expectation that in a few years NSAC either would be self-supporting or would be carried by its association members. It would be administratively assigned to ACE but would be a truly interassociational body.

This notion has been trial-ballooned rather extensively in the community and, in particular, with the membership of the present Coalition. Concerns have been expressed about whether the advantages of informality would be lost in a formal and somewhat (and at times overtly) adversary structure. Others are concerned that the turf of financial aid people is being excessively invaded by the ill-informed and not always well-intentioned college presidents. By and large, however, the idea has been received at least sympathetically and in some cases with enthusiasm. Some of us are hoping to see it through to reality in the near future. I have already mentioned some of the obvious topics related to self-regulation which I hope will be of concern to the NSAC. While I would hope that the Uniform Methodology would remain in the hands of CSS and ACT, I would hope that those agencies, through their representatives in NSAC, would bring to the Coalition some of the major policy issues identified at the outset of this paper. I believe the day has passed when CSS and ACT should unilaterally make decisions which have a profound impact on institutional budgets, not to mention the demand for federal funds.

That, of course, ties directly in with H.R. 5192. If enacted, this proposed legislation would call for a single need analysis system for all federal programs, with congressional review of the expected family contribution schedules and with very specific criteria in the law (as amplified in the committee report concerning asset reserves) concerning the assessment rate on the discretionary income of independent students, the allowance for books, supplies, and miscellaneous expenses, and the living allowances for commuting students. This is combined with a common application form with processing fully paid for by the federal government. One wonders what role is left for the Uniform Methodology, but it should be noted that the bill requires the Secretary of Education to consult with representatives of the higher education community in developing the family contributions schedule. My rather obvious suggestion is that NSAC become the major vehicle for attempting to present to the Secretary a unified higher education community position on these matters. The bill also calls for a National Commission on Student Financial Assistance with a $10 million authorization and a mandate to look broadly at financial aid, but with particular attention to loan programs. Again, I believe the NSAC could be a major vehicle for developing a higher education community perspective on the issues to be dealt with by such a commission, should it be created.

The delivery system issues will always remain, and the Coalition may well want to establish a subcommittee mechanism for dealing with these since most of them will be of little concern to some of the members.

Participation in the Coalition would not preclude any organization that differed with a Coalition consensus from taking a contrary public position. Votes would

not bind dissenting members.

Mention has been made of staffing. A number of those reacting to the NSAC proposal are obviously worried that the appointment of a strong staff director may threaten their particular piece of the turf, and some have argued that the staff person should be involved strictly in the administrative details of minutes, agendas, and meeting arrangements. Given the sovereignty which would be retained by NSAC association members, it is hard to imagine that the staff person would become a kind of ayatollah of financial aid. On the other hand, it does seem important for someone representing the entire higher education community to continually monitor the federal regulators and to put before the Coalition the policy issues which require resolution.

Finally, I believe that the Coalition could become the major vehicle for better informing the presidents and business officers about financial aid. I would commend the National Association of Student Financial Aid Administrators for its comprehensive effort, in collaboration with two other associations, to mount a massive training effort for senior administrators while continuing its long-standing training programs for the full-time professionals in the field. I would in no way want to supplant or modify that effort. But I believe the Coalition could become the major vehicle for getting financial aid matters on the agendas of the presidential associations in terms of their training programs and their meetings. After the reauthorization of the Higher Education Act, the scene will shift a bit to the campus level, where the senior administrators need to know the questions to ask and have a basis for evaluating the role of financial aid in their own institutions.

The proposal for a reborn coalition is not revolutionary and takes as a given that the present program patterns, with all of the defects so well pointed out by Martin Kramer and others, will continue pretty much as they are, albeit with more funds. The present proposal, in short, is a modest and politically pragmatic step designed to improve things a bit within the present political and budgetary realities.

The Need for Developing a Governance Structure in Student Aid: An Alternative View

Robert H. Fenske

This paper proposes a number of ways in which the partnership concept in student financial aid can be further developed and implemented. The purpose is to present a wider basis for discussion than the sole proposition made in the Atwell paper. That proposition is essentially to maintain the status quo by expanding somewhat the present coalition. In fact, this has much to recommend it, and may well be endorsed by the symposium as the most feasible model. I act as the "devil's advocate" against the proposition mainly to encourage a balanced

discussion. I feel that there are at least three reasons why our symposium may profitably discuss alternatives. First, it is clear that Congress is displeased with the present state of coordination (or lack of it) and the extent of management problems in student financial aid. While it is probably true that reauthorization legislation will only "tinker" with governance and administration issues, this may be largely due to the lack of a structure to effect massive changes rather than disinterest in taking action. The House bill calls for a National Commission on Student Financial Assistance, which is one indication of congressional concern. The point is that coordination may well be mandated through creation of a formal structure, effectively displacing any voluntary efforts. Second, considerable hesitancy now exists regarding the prospect of expanding the coalition and endowing it with a staff. It is assumed that significant discussion will center on this matter in the symposium. Third, the concept of voluntary (as compared to mandated or statutory) coordination may well be questioned for financial aid. Voluntary coordination has not been an effective mode for any length of time in any aspect of higher education. The fact that no formal structure exists reflects the piecemeal, uncoordinated historical development of programs rather than a lack of need. Indeed, this development has created a situation more in need of formal structure than practically any other governmental initiative. Viewed in this light, mandated or statutory coordination may be seen as both inevitable and fairly imminent, rather than simply a hypothetical alternative. It follows that considerations of restructuring or expanding a voluntary organization may be only a temporary holding action.

The following discussion begins with the assertion that the partnership concept has existed for some time (though now severely strained) and, further, that it is indispensable to the operation of financial aid on a national scale and thus will undoubtedly be strengthened and formalized. The premise is then made that governance and administration are separate but interrelated concepts, and that much of the current administrative crisis can be attributed to lack of capability for overall policymaking. A final section reviews several governance/coordination models.

The Partnership

A partnership need not be viewed as implying equality—indeed the dictionary makes no mention of this notion, only that the parties be active in a joint enterprise. On a national scale, there probably was no point in time when the institutional/state/federal roles were in perfect or even approximate equilibrium. The institutional level was dominant in student financial aid before the federal government entered the picture and before more than a few states were active in funding large-scale programs. In terms of dollars, the federal level is now overwhelmingly dominant. However, there are strong efforts (such as SSIG) to strengthen the state role; the campus-based federal programs exemplify similar efforts to involve institutions. Although it is true that the institutional level is only a small funding source compared to the other two, it predominates in the actual administration of aid to students.

In point of fact, a partnership of governance and administration of student financial aid has existed ever since federal, state, and institutional levels were jointly active. The problem is not that the partners have unequal roles in various matters, but that coordination of their activities is made so difficult by the variety of differing, often conflicting, purposes for which the various programs were established and the inconsistent regulations under which they operate.

Because it is the preponderant funding source, the federal sector will clearly dominate most facets of financial aid in the foreseeable future unless some totally unexpected change occurs, like the long-awaited coming of full revenue-sharing. But to assume that the federal government will constitute the totality is to assume that state efforts and institutional involvement will disappear. Both events are unlikely. Consider that state financial aid commissions now dispense over $700 million dollars annually in state appropriations, and that they have grown in number from around a dozen before 1968 to currently include nearly every state. Creation of over 20 of the newest is attributed to SSIG and other *federal* initiatives. Consider also that campuses are the interface between the funded programs and the students who are the object of the funds; institutional administrators mediate the interchange. What is the alternative? Can one seriously envision hordes of federal officials housed on or near every campus dispensing federal largesse and effectively displacing the traditional financial aid community? To fund implies—and indeed requires—stewardship (auditing and regulation), but not necessarily administration. Thus, I would maintain that there has long been a partnership and that it will continue. When "the National Task Force on Student Aid Problems enunciated a conceptual framework for the governance of the student aid process: A 'partnership' of Federal and State agencies, institutions, students, parents, and private agencies, working in concert to implement public policy concerning aid," it merely recognized what already existed.[2] The problem of the partnership is that *there is no "public policy concerning aid."* In a rational world that shortcoming would be remedied by governance, and administration would be coordinated. To date, the only facsimile for governance is the Coalition.

> Acting on a recommendation of the National Task Force, the American Council on Education and the Education Commission of the States established the Coalition for the Coordination of Student Financial Aid to carry on the process of voluntary association for the governance of student aid. Since 1975, the Coalition has attempted to bring together the interests of all the parties to the process. (Van Dusen, p. 25)

I will later contend that even an expanded form of "voluntary association" may be unequal to the task of solving partnership problems.

Problems and Issues

A discussion of student aid problems and issues is superfluous for symposium participants; the group includes many of the foremost analysts of aid problems in

[2]Quotation from Van Dusen, *The Coming Crisis in Student Aid*, p. 25.

the nation. However, as a brief introduction to alternative governance models, it may be useful to simply list some salient problems and issues as a reminder of their magnitude.

Hartman's recent description is a succint entree to the federal role:

> Before the Education Amendments of 1972 were enacted, federal aid to higher education was eclectic. For each problem that arose in the late 1950s and throughout the 1960s, a federal program responded. Sputnik's ascent was matched by the rise of national defense loans, graduate fellowships, and expanded research support. Facility shortages led to construction loans and grants. The discovery of poverty fathered educational opportunity grants and the college work-study program. Spiraling higher education costs threatened a middle-class raid on the Treasury via a tax credit; guaranteed loans were the cheaper compromise. Assorted other needs of higher education were addressed by small categorical programs.
>
> Each of these programs gave rise to a full complement of guidelines, regulations, coordinating bodies, and regional panels that often seemed to be working at cross-purposes; but in fact there were so many different purposes underlying the laws that conflict was more or less inevitable.[3]

Title IV of the Higher Education Act of 1965 was, even then, the culmination of congressional response to many social pressures, including those expressed in the earlier Civil Rights Act. But the initial impetus came from the recommendations of the 1947 Truman Commission, which reflected the mood of an optimistic and egalitarian era. One wonders if the Commission members fully realized the Pandora's box contained in the concept of extending higher education opportunity to all who could profit academically from participation. Striking down financial and other artifactual barriers (like race, sex, and creed) is one thing for the less than 20 percent which historically comprised enrollments; it is quite another when even the broad academic qualification is effectively removed and changed to all who may want postsecondary education of nearly any type. This is the basis of many of the student aid problems listed below.

1. The proposition that financial need alone should be the basis for aid seems to be under continual fire, even though reauthorization will apparently perpetuate it. Perhaps the fundamental problem is that without a linkage to academic ability as a control, we are finding that financial need can be contrived by hiding assets or changing status, whereas it is difficult to demonstrate ability if it doesn't exist. As a result, present prospects are that the only ultimate control on need-based aid expenditures will be the patience and willingness of the taxpayer. Last year's tuition tax credit initiative is only the latest, but not the last, evidence of the eroding of public support for need-based aid.

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[3]Robert W. Hartman in David W. Breneman and Chester E. Finn, Jr., (Eds.), *Public Policy and Private Higher Education* (The Brookings Institution, Washington, D.C., 1978), pp. 233-4.

2. Using need-based aid for support of private higher education that is otherwise restricted because of constitutional or other considerations may prove unpalatable once the severe enrollment crunch hits. If and when survival of public institutions is at stake, what will happen to public support for private institutions?

3. If financial need is calculated as the difference between two factors, one of which (student cost) is only guessed at and the other (expected family contribution) can be easily faked or fudged altogether, how long will it likely continue as the principal basis for appropriating ten or more billions per year?

4. Inconsistency in amount of awards according to the system used has not only eroded public support because of inequity, it has stripped away the aura of scientific, objective methodology. Consolidation into a single nationwide system will deal with the first problem, but because of the total reliance involved will engender more suspicion of the single system chosen as only (and not necessarily) the least of several evils.

5. Independent status of aid applicants is encouraged and rewarded by the system. How can a rapidly accelerating erosion of family resources persist as a major factor in estimation of need? The system seems self-destructive, and no one to my knowledge has suggested a workable solution.

6. The well-known market model has changed from a means to force accountability on institutions through student consumerism to a system fostering institutional welfare and survival. State legislators and institutional administrators now seem willing to use federal aid money as a substitute for state funds. The constituency supporting federal aid has now broadened to include those whom it was originally meant to control, and the shift will worsen as higher education becomes more and more a buyer's rather than a seller's market.

7. Fraud and abuse of aid programs, especially loans, while never as bad as the headlines indicate, will put student aid increasingly in the hands of the auditors and regulators. However, the problem may also have the beneficial effect of increasing pressure for effective governance and overall public policy.

8. The 1974 FICE definition of "postsecondary education" institutions whose students are eligible for aid includes many which are beyond full public acceptance as beneficiaries of public monies. Cosmetology schools and many other types are not yet what the public views as higher education. The fact that most of the deliberate organized frauds are in the proprietary sector has not helped acceptance. However, it is difficult logistically and politically to retract aid to a class or type of institution.

9. The most basic of all inequities persists. Why should a full one-half or more of a given youth cohort be given a boost in their life chances by public funds that are withheld from the rest? Many of the problems listed above exacerbate this inequity in the eyes of some societal sectors such as labor unions.

Some of the basic societal and political issues reflected in the above partial list of student aid problems go to the very core of higher education's role in America.

- Student financial aid is now the main means by which the federal government supports higher education. As indicated earlier in the quote from Hartman, it is among the least coordinated and consistent of all government programs. It is also one of the most heavily and closely regulated. It is as far from the original federal support (the Morrill Land Grant Act) as can possibly be imagined.

- Student financial aid is now the main determinant of participation rates in higher education, and higher education is the main determinant of economic status. This role will probably increase as every conceivable career and profession is certified by higher education.

- Student financial aid controls the balance between the public and private sectors of higher education. For a large proportion, perhaps even a majority of private colleges, it determines their viability.

- Present aid programs and systems affect the traditional role of parental sacrifice for their offspring's higher education as a means to upward social and economic mobility. Consequently, it affects many other facets of parent-child relationships in the family.

- Student financial aid affects and is conditioned by the issue of societal versus individual benefits of higher education. The Carnegie Commission phrased this issue as "Who Benefits? Who Pays?"

- Student financial aid drives the market model of the financing of higher education. The impact of student consumerism on curriculum and other basic matters is beginning to be felt. As Martin Kramer observed recently, basic problems arose when the proportion of aid-eligible students moved from about one-third to over one-half. Before, the two-thirds not eligible forced private colleges to lower costs to remain competitive, and provided no incentive for increasing public tuitions. But now there is every incentive for both sectors to raise prices and to support student aid as a substitute for family contributions and state subsidies, respectively. What happens to institutional autonomy in the process?

The final section will deal with the question of whether the Coalition as a voluntary, self-appointed, and self-perpetuating body can deal effectively with problems and issues of this magnitude. The report of the 1978 Aspen Institute meeting on student aid commented on the past record:

As a self-appointed, self-perpetuating agency with no more official voice than it can demand for itself, the Coalition has been less than successful in remaining an equal partner with the Federal Government in a number of major policy decisions. (Van Dusen, p. 26)

Some Alternatives

The concepts of governance and administration need to be clearly and firmly separated to allow a meaningful discussion of the partnership and its potential for coordinating student aid programs. Brief and inelegant definitions cite governance as authority and responsibility for setting overall policy, and administration as the application of tangible and intangible resources to carry out mandated programs. In the higher education setting, it has been viewed as important that these two concepts not be functionally mingled. Famous horror stories abound of regents who try to be administrators and presidents who control governing boards.

In student aid it is plain that no unified public policy has ever existed, and that no overall governing structure exists other than the Congress itself. If this can be viewed as analogous to a state legislature comprising the institutional governing board, this is the same as saying that no governance structure exists. The proposition presently before the symposium by virtue of the Atwell paper is that the Coalition be "reborn" and expanded ". . . to consist of virtually all of the present members of the Coalition plus representatives of several major presidential associations and the general public." Other governance and management models have been proposed in the recent past. Art Marmaduke proposed a number of such models in his paper prepared for the Aspen Institute in 1978:

1. *The status quo.* With this model, the Coalition for Coordination of Student Financial Aid would be left to find its own destiny, or some other organization or organizations would provide leadership or achieve dominance. Essentially, this perpetuates the present vacuum in which leadership emerges in a Darwinian fashion.

2. *A new and separate voluntary membership.* This would succeed CSS and ACT, who would divest themselves of their financial aid activities. One national organization with membership from institutions, states, educational associations, the federal government, and students might be a single, self-governing organization with a formal structure, a representational system of self-governance that could be regionally organized as well and sensitive to institutional inputs. It would advise legislators; establish policies and operational and ethical standards; provide need analysis services, guidance materials, training, and hopefully leadership. It would not control governmental programs but would influence them. It might provide some of the diversity that has been healthy for student financial aid, at the same time providing a semblance of order and structure. It would also eliminate some of the unhealthy competition between the two organizations. Both organizations

are strong and well-entrenched, with emotionally involved and enthusiastic constituencies, and a massive amount of energy would be required to overcome the resistance to the abolition of the two organizations' financial aid services.

3. *A new and separate voluntary membership organization limited to establishing policies, operational standards, and ethical standards and providing a forum for discussion of issues.* Such a group would differ from model number 2 by leaving operational responsibilities for need analysis guidance systems, training, etc., with existing agencies. It would perform all other functions noted in model 2 and could be a logical next development for the Coalition by adding form and legitimacy.

4. *A federal government agency with a responsive governing board.* Such an agency would have greater autonomy than HEW and the Office of Education, with congressionally delegated power to establish standards, principles, and procedures for federal financial aid programs. It could be modeled after various state student aid commissions which have been successful for the most part. Such an organization could provide the representative discussion group, although it would not be a voluntary organization. It still could be a representative governmental organization, possibly insulated somewhat from traditional congressional and bureaucratic controls and dedicated to preserving the partnership concept. Some sort of governmental sanction might be regarded as providing legitimacy to the partnership concept. While state models provide some assurance, the experience of groups like the Advisory Council on Financial Aid to Students or other federal commissions makes one skeptical of the ability of such a group to be representative and responsive.

5. *A congressionally chartered public corporation with a governing board.* In theory, this would be very similar to model 4. It should be more autonomous and flexible, and possibly could be more representative than a governmental board or commission.

The arguments made in the first two sections strongly suggest that it is high time that a governance structure be set up to determine overall policy and to provide a framework within which resolution of administrative problems can take place. It is also suggested that the magnitude of student aid programs and the intensity of coordination problems call for a statutory or at least congressionally mandated level of authority for the structure. This view precludes any form of voluntarism and leaves models 4 and 5 above for consideration. I favor model 5 because of the need to avoid total centralization under a "commissar" of student aid, and yet to accomplish unified governance with an emphasis on representation. Consider, for example, the sectors that should or could be represented under a variety of conceptual models:

1. A *functional* model would require that representation include students, administrators, and taxpayers who might be viewed respectively as recipients, processors, and funders.

2. A *structural* model would focus on the organizational structure of higher education according to (a) level, that is, 2-year/4-year, university and (b) control, that is, publicly-supported, private and nonprofit, and proprietary. Other considerations would be size of institution and/or mission, as in the Carnegie classification.

3. A *political* model would require representation from the federal, state, and institutional levels and/or legislative representation at both the congressional and state levels.

4. An *administrative* model would require representation from the federal bureaucracy at both the national and regional levels; from the administrator associations at state, regional, and federal levels; and perhaps from the staffs of state commissions as well as from grassroots institutional administrators.

5. A *financial* model would include funding sources such as federal, state, institutional, and foundation. The federal level would include such agencies as the Veterans Administration, Social Security, etc. In all of the above, consideration would probably have to be given to some sort of proportional representation. For example, the financial model would entail about 75 percent federal, 15 percent state, and so forth.

All or most of these complexities would be avoided by simply applying the governance model used by higher education itself, namely a lay or citizen board with overlapping terms. Other possible models include a mixture of professional and lay members as on the University Grants Committee in England, and various state student aid commissions which sometimes mingle professionals and legislators with the lay members. A final model could be analogous to the National Council on Educational Research, which sets policy for NIE.

In any case, it may well be time to move beyond the idea of voluntarism, which has not been successful in many public enterprises.

Editor's Note: The remaining five sections in this report contain summarizations of the presentations, discussions, and commentaries made during the various sessions of the conference and the postconference invitational symposium. The summarizations were derived from transcripts of audio tapes. For the purpose of encouraging free and open discussion, the conference participants had been assured beforehand that the published account of the proceedings would not attribute statements to any individual. Therefore, it is important to note that the following summarizations do not represent the views of any of the program participants in particular, nor of the group as a whole. Nor does this material represent any position of any of the organizations, agencies, institutions, or student aid constituencies with which the participants are affiliated. What these summarizations do represent are the results of interactions among institutional aid administrators and a number of nationally recognized leaders in the field of student financial aid. The interactions took place in an atmosphere of openness, candor, and deep concern, and during a time when all thoughtful observers of student aid were aware that momentous events were occurring that would probably change the field in significant but yet unknown ways.

SECTION III

Communication and Influence in Student Aid

One of the objectives the Keppel Task Force tried to achieve was a better spirit of cooperation. The term "partnership," in this sense, means trying to build up trusting relationships among various participants in the student financial aid process. One of the main ideas from the state-institutional-federal partnership concept was that people could understand one another's differences, understand what they had to do and why they had to do it, and maybe get things done in a cooperative mode. For example, review the history of the Basic Educational Opportunity Grant (BEOG) Program. In 1972-73, there was tremendous resistance to the whole concept from the higher education community. Throughout the program's initial implementation there was a negative reaction toward BEOG, with a strong preference for Supplemental Educational Opportunity Grants (SEOG) as an alternative. Because of that opposition, there was a breakdown of much of the trust that had developed between the higher education community and officials in Washington who were trying to establish the program. And that mistrust continued for a long time. Tensions continued through the period of the Keppel Task Force, and through the controversy about who rations the money (i.e., ACT and the College Board by simply changing their taxation rates for

upper- or middle-income students, or the federal government). One result is the Middle Income Student Assistance Act (MISAA), in which the federal government dropped the taxation rates and the private sector did not. But those controversies were still "family fights"; the partners all seemed to be part of the same community, whether it was the Uniform Methodology Subcommittee, the Coalition, or another setting. And while there were some bitter feelings (and those probably still exist to some extent), the partners gradually accepted the idea of a multiple data entry concept for the simple reason that the people who were involved in the process began seeing that the idea could perhaps be made to work without destroying the fundamental concept of the Basic Grant Program as an entitlement program.

The idea inherent in the term "partnership" is trying to get people to work together in a trusting, cooperative mode. But the practical fact of the matter is that the stockholders control the system. Institutional aid officers realize that anyone who wants to use someone else's money must be willing to accept the terms and conditions under which those funds are made available. Whenever a donor gives money, the aid officer must handle it according to the terms and conditions under which it is provided. And over the last four years, particularly during fiscal year 1979 in which the federal funds in the Bureau of Student Financial Assistance jumped to 3.8 billion dollars, the amount of stock owned by the federal partner has jumped accordingly. And since that increase has occurred in part at the urging and encouragement of the higher education community, the kinds of restrictions that Congress and the federal administrators outline must be taken into account. When aid officers work with donors in the private sector, they try to build a good relationship so that their advice and counsel and expertise can help shape the way in which the dollars can be used most effectively in accordance with their institutional responsibility. A challenging role of the financial aid officer is to somehow try to rationalize many different forms, regulations, and guidelines with money coming in from all directions.

Nevertheless, the idea of the Coalition was people trying to work together; and in the last couple of years, it has worked well sometimes and not worked well at other times. Meetings of the Coalition have never been closed. The federal program officers were always welcome; there were always formal, frank exchanges of views which were usually very constructive. But there are new forces that are going to shape the governance of student assistance over the next five years. The Higher Education Act reauthorization is a major factor. The administration and Congress evidently agree that in the delivery of student financial assistance there should be a single need analysis with a single form, and that it should be free to the student. Apparently, the need analysis will be approved and reviewed by Congress each year, much as the family contribution schedule is now, on the grounds that what forms the family contribution schedule is a series of value judgements and that we elect congressmen to make our value judgements. The procedure that the administration and Congress have proposed is that in preparing the family contribution schedule, the executive branch will consult widely with the community in developing that plan and then will present it before

Congress. If that is done in a mode of cooperation with the experts in the student aid community, then the administration and the community will develop a single schedule that is generally acceptable to all.

Recent Coordination Efforts

In the early days of the Keppel Task Force, the focus was on reducing the number of forms, deciding on common calculations, and coordinating calendars. In retrospect, the focus might have gone in some other directions. The rugged individualism that still exists in institutions that want to serve a certain clientele, and certainly the individualism that persists in certain states that believe more strongly than the federal government in providing freedom of choice, should be maintained.

The Keppel Task Force was exciting at the time, and many grew to believe that there were valid reasons for professionals to gather voluntarily in an attempt to work out the problems that would not otherwise be solved by voluntary cooperation, but would rather be legislatively mandated. At present, for reasons that may be heavily political rather than scientific, one can observe the political process of mandating into law decisions that might have been made in a voluntary way. Voluntary cooperation and self-governance in student financial aid is not a new phenomenon. For example, the College Scholarship Service (CSS) was founded in the early 1950s as a mechanism for voluntary self-governance of a group of institutions (at that time a very small group largely made up of highly selective, independent colleges). Over time CSS was an effective mechanism for providing principles, standards, cooperation, and self-governance among American colleges and institutions. Thus the idea is not altogether new, and there has been at least some history of successful self-governance, although that took place in a much less complicated era.

The Keppel Task Force attempted to include the Office of Education (OE) in its work, rather than creating an adversary relationship. OE was invited to participate in every sense as a full partner in the discussions. The Keppel Task Force represented another voluntary effort of many groups in postsecondary education to come together and try to work out solutions for problems that were common throughout the country. The Keppel group succeeded with the help of a lot of people. The amazing thing was that the Task Force had no power and no governance structure. It existed for little more than a year, issued a report, and disbanded. Nonetheless, there was high interest in many states and on many campuses in improving the delivery and standards of student financial aid. Consequently, many professions recommended that there be some continuing mechanism for discussion after the Keppel committee disbanded. This recommendation led to the Coalition for the Coordination of Student Financial Aid, which came under the sponsorship of the American Council on Education and the Education Commission of the States.

When one views the partnership concept from the standpoint of the campus student aid administrator, it is important to try to set partnership in perspective. That requires a retrospective look over the period of the last 20 years or so to see how different relationships evolved. With that overview, a reasonable conclusion is that from the aid administrator's point of view, partnership never really existed. Obviously, that is quite negative. It seems that partnership has been approached at certain times, but overall not truly achieved. In the early days, soon after the enactment of the National Defense Education Act of 1958, there was some effort to involve the institutions of higher education in planning and in the implementation of the National Direct Student Loan (NDSL) Program. That came about largely because few people in the Office of Education and in the Department of Health, Education, and Welfare had any experience in student aid. So the federal government searched for some individuals in the colleges and universities to come in and determine the best way to get the funds into the hands of students. Many of these people met in Washington several times to try to put the program together. Along with the student aid administrators a significant number of college presidents were also invited. All of them pondered various ways in which to allocate the approximately $13 million available for the loan program to the schools, which at that time were making application for these funds. There were a number of very subjective ways in which funds were made available to the students in the early days of both the loan program and the College Work-Study (CWS) Program. The funds were allocated from Washington by teams, each of which would usually be responsible for considering a couple of states. Teams were generally made up of two or three college presidents and several aid administrators. The college presidents would review the applications and make highly subjective judgements about which applications were realistic and which were overstated. The process was clearly very unscientific. Perhaps to some extent this represented partnership, merely because there were few federal officials in Washington who felt knowledgeable about student aid.

The term partnership, as it is generally understood, really goes back to the arrival of John Phillips in Washington as the Deputy Commissioner for Postsecondary Education. Phillips had tried to involve institutions when he was a representative of the Office of Education in Region 10 in Seattle. He brought a number of college and university representatives into the activities of that regional office and tried to involve them in the administration of the federal programs. He took much the same notion to Washington, and many student aid administrators will remember the work conferences which he held around the country involving great numbers of student aid administrators who were asked to arrive at consensus on such matters as calendar and the delivery process. It was largely the efforts of John Phillips, certainly the problems that his efforts identified, that led to the creation of the Keppel Task Force. That group came very close to establishing a mechanism by which partnership could work. It came up with fairly sound recommendations in such areas as calendar, need analysis, and application forms. In the final analysis, the most important member of that partnership, namely the federal government, had great difficulty with most of the recommendations of the Task Force.

In a more recent period (1975-1977), great concern has emerged about abuse of federal funds on the college campuses and in proprietary schools. An obvious element of distress entered the whole picture when there were efforts (in many instances quite justified) on the part of the federal government to move in and insure that the available funds were being administered responsibly and in accord with the intent of the legislation which provided for student aid. Another recent involvement of student aid administrators with the federal government was a situation that bordered on an ideal partnership, certainly between institutions of higher education and the federal government. This was the work of the Panel of Experts which dealt with the application process. A group of student aid administrators were invited by the then Commissioner of the Office of Education to come to Washington and consider how campus-based student aid could be allocated more equitably to students who had financial need. Over the period of about two years, the group reached an almost amazing degree of consensus, given the diversity which was represented on that panel, about the way in which the allocation process should work. One shortcoming of the Panel was that it did not sufficiently take into account the fact that student financial aid in this country is clearly being used as institutional aid, particularly in some of the higher education segments. Some of the changes that had to be made in the Panel's recommendations can be directly attributed to the fact that institutions became quite concerned about who would win and lose under a formula process, even though the Panel had started out not to mediate institutional allocations, but simply to distribute funds in a way that would attract students.

The Federal Government and the Student Aid Community

Another aspect of the general voluntary coordination problem is that Congress, and specifically the legislative staff of the Congress, does not seem to take the input of the student financial aid community and the states very seriously. This is especially true in regard to what constitutes realistic need assessment. It is true that the legislation for the new Department of Education requires that the Secretary seek input from the public and the student financial aid community and, in turn, recommend to the Congress various strategies and improvements in legislation. However, the record of recent years does not encourage optimism. It does not seem likely that Congress, despite the letter and intent of the new legislation, will suddenly begin to listen to the bureaucracy and the student financial aid community rather than following its own political instincts.

One of the problems with the Keppel Task Force was that it began its work at a time when confrontation politics were being vigorously practiced. The financial aid community had aroused the suspicions of the federal bureaucrats because of seeming manipulations of the rival ACT and CSS need analysis systems; conversely, the BEOG Program was being developed mostly behind closed doors by a small number of federal bureaucrats without much input from the aid community. Thus, the atmosphere at the time of the origin of the Keppel Task Force was more conducive to confrontation than to cooperation.

Members of the student financial aid community who have experience in dealing with the federal government over the past 20 years have observed that the extent of communication and dialogue between the government and the community depends to a considerable extent on the personality of the chief administrator in the federal bureaucracy. The consultation that is called for in the new Department could be highly beneficial; however, it presumes that the student financial aid community can speak effectively for all of the various interests represented in the community. Provision for consultation from the aid community to the federal government is meaningless if that community speaks in a Babel of conflicting and unintelligible voices. If effective communication from the student financial aid community does *not* occur, that will be an open invitation for the Department of Education and the Congress to proceed without regard to input from either the public or the aid community.

On the contemporary federal scene, the priorities of the new Department of Education evidently will be elementary and secondary education, and the reauthorization legislation sets the tone and content for postsecondary programs. The overwhelming majority of dollars in the postsecondary field are prescribed by the legislation. While the main problem with the Department of Education will be to try to keep regulatory instincts down, departmental status will be useful in that the Secretary can deal directly with the President and OMB rather than being subjected to the political trade-offs inherent in Education's former status as an Office in HEW. It is questionable, though, at this juncture, whether it will make a whole lot of difference. The postsecondary lobbies have had very cordial relations with the new Secretary, who is clearly a very able person and one very committed to education. The lobbies will continue to spend a great deal of effort to try to persuade her and her top associates that postsecondary institutions are capable of regulating themselves—that is, that they would like to continue to have access to public funds with a minimum of regulation attached.

Overall, there are probably few areas of federal policy in which presidents and their administrations have been more irrelevant than in education. Their role in reauthorization legislation revealed the administration's lack of concern and ineffectiveness with respect to postsecondary education. Once again, at least in the House of Representatives, the administration was too late with too little in the case of reauthorization. The submission of the legislative program exactly coincided with the Wednesday afternoon massacre of the cabinet, including the Commissioner of Education, who resigned on the very day that he was to testify before the Ford subcommittee on the House side. Some of the good features of the administration proposal that were lost in the shuffle were lost by reason of the impossibility of securing OMB approval on anything that was in any way costly. Thus the House, under the distinguished leadership of Congressman Ford and others, enacted an excellent piece of legislation which, insofar as Title IV and financial aid are concerned, gives most sectors of the higher education community most of what they wanted. It is evident that since 1972 and even before, the public and private sectors have been badly divided on the form, or perhaps more accurately the emphasis, which federal student aid should take.

The higher education community itself deserves credit because it got together on the program designed to guarantee both access and choice.

In 1980, the public and private sectors came together for the first time and forged an effective, if somewhat fragile, compromise embodied in H.R. 5192, whereby the private sectors were made happy by the increase in the BEOG maximum from $1,800 to $2,700 by the end of a five-year period, and an increase in the SEOG threshold from the present $370 million a year to $480 million by the end of the period. The public sector got its long and greatly desired increase in the half-cost limitations to 75 percent by the end of the period. The private sector fears that an increase in the half-cost limit will remove any incentive for students to attend private institutions by making the low-cost public institutions essentially free to the neediest students. And they fear that, if the BEOG Program meets most of the need of students in the public sector, there will be little reason left for public institutions to support the campus-based programs which are so essential to the private sector. The public sector, on the other hand, points out that the half-cost limit discriminates against the neediest students in the lowest-cost institutions—and thus the compromise in H.R. 5192 offers something for everyone.

The administration's projected budget for higher education in FY 1981 shows a $198 million decrease, while elementary and secondary programs will increase by $1.1 billion. That is a rather clear statement of priorities. The Secretary was praised for her effectiveness with OMB and the administration in respect to the 1981 budget, and if one looks at an overall seven percent increase in education, that may be considered fairly impressive.

Communication and the Student Aid Partnership

Some believe that the Coalition is currently dominated by practitioners, but that depends on the definition of a practitioner. Are the people from ACT and CSS practitioners? The Coalition is not dominated by financial aid administrators; perhaps its technical committees ought to be. But the Coalition is, in effect, the body to which all these various subcommittees report; it is where consensus is achieved, and it does not appear to be unduly dominated by practitioners. Representatives of ACE, ECS, The National Association of Independent Colleges and Universities (NAICU), and others usually attend. The meetings generally have been open to anyone in the educational community.

The Coalition's lack of structure may be a reason for criticism, but its informal manner has allowed it to reach agreement. The Coalition as it now exists is completely open to outsiders. It is not a closed membership. Any constituent group or individual can simply come and speak their piece. Of course, it is generally known that people from the federal government are there, as well as from the state and professional associations. The Coalition has simply been a means of disseminating various points of view, a way of transmitting various views through an informal process and thereby influencing the federal government or state governments. But the influence should be regarded as mutual, with

input from the government levels also. Many federal staff officers are enormously bright, dedicated people. They have good ideas which are sometimes better than the ideas generated outside the federal government. The civil servant has sort of a natural immunity. He can contest a special interest group from a secure and stable base. The civil servant can remain aloof from sectarian special interest.

The Coalition in its present state seems to attract representatives of different groups at different times, depending on the issues. There are always representatives of ACT, CSS, ACE, the state student aid officers, and NASFAA. At certain times, a particular group will be present to discuss a relevant issue: for example, when the subject was graduate student indebtedness, the Council of Graduate Deans was represented at the Coalition. There is no exclusive membership list, and an agenda is sent out ahead of time. Anyone who is on the mailing list gets the agenda, and it is not difficult to get on the mailing list.

From a state agency standpoint, practically any form of financial aid involves some kind of partnership arrangement. One aspect that isn't very well known is the institutional-state partnership, which has grown enormously. The State Student Incentive Grant program (SSIG) is held to be a federal-state partnership, but some states developed the idea of a federal-state-institutional partnership and have been tenacious in maintaining this tripartite arrangement. For example, since 1977 Arizona has had, through the SSIG program, a very active federal-state-institutional partnership. That first year was strictly a federal and institutional arrangement, with the institutions providing all the matching support. In 1978 a very small appropriation of $150,000 was provided by the state. Now Arizona can really say that, in terms of support, it has a federal-state-institutional partnership. The total 1979-80 program is funded at $1,750,000, with about this same level of participation planned in 1980-81.

Researchers recently found that over the past 10 years, some of the large states put 8 or 9 percent or even more of all higher education expenditures into student aid, but 27 states devote less than 1 percent of their higher education funds to student aid. It is very difficult to generalize about how states would react to present federal initiatives, because their future in student aid is so entirely dependent upon federal decisions that many states wonder whether their funds are even minimally effective. The states greatly desire political autonomy for their student aid programs, and yet they must respond to federal initiatives. Because BEOG has such massive impact, state efforts are now being reduced. For the first time in 12 years or more, eight states last year actually provided less money for student aid because they thought that BEOG would begin to answer their needs in a way that would make large state funds unnecessary.

The student aid community owes itself the chance to deal with its own industry. The federal government can play an interesting role. The tuition refund policy is a good example. There were attempts several years ago to develop a cooperative refund policy, and it failed. The government threatened to regulate it and formed the notion that a policy of no refunds is not a refund policy. Then it was found that

responsible people in independent colleges and proprietary schools contend that it is a policy. Some proprietary schools have very tight definitions. A legitimate concern of the federal government was how traditional higher education can be responsible in this area. Then there was a long, calm discussion about the matter, which resulted in the student aid community's agreeing upon a set of guidelines that are mutually acceptable to the aid community and the government. The latter can now state that schools have a fair and equitable refund policy developed by ACE and The National Association of College and University Business Officers (NACUBO). The government gets what it needs (some leverage in those cases where there is flagrant abuse), and the community gets to develop the standard. The same cooperation is needed in other areas such as "satisfactory progress," and in student expense budgets. But where the community cannot do it, that is when the government either tactfully or forcefully must say, "If you don't get your act together, we'll do it for you."

Why is the Congress prescribing more administrative detail? Perhaps it is because the community has failed to do the job. The Coalition at ACE and ECS assumed leadership in reviewing the work of financial aid practitioners and developed the proposed methodology for each year. The purpose of the Coalition was for everyone at the policy level to have a chance to discuss those issues. The reason for having ACE and ECS as the sponsoring organizations was that this provided the presidential oversight. The need to further formalize and expand that arrangement suggests that the existing presidential decision-making structure is not working. The question should be asked, "Why, if the leadership of the Coalition is in the hands of ACE and ECS, are college presidents and governors saying they don't have input into the process?" If the Coalition was meant to fit into the governance structure that ACE represents for all the presidents, why isn't the Coalition bringing its thoughts to the appropriate committees within ECS and ACE? Evidently the Coalition was never intended to do that; rather, it was strictly intended to deal with technical and delivery system problems. If the Coalition is reconstituted, perhaps that orientation can be changed. However it occurs, the communication network must be expanded.

The NASFAA national convention has become more important in the last two or three years. It seems to draw many congressional people and has no trouble filling its program. This growth shows that there is a need for a forum with a focus on student aid involving a large group of people rather than just a few. Obviously, there are people who are looking for advice on the student aid program and the problems related to it. They want it from a large constituency, and that is why NASFAA draws so well. There is no other place where people can congregate and focus exclusively on student aid. The Coalition might be expanded to be much more open-ended so that a lot of voices could be heard at any one time by a lot of different people. It might be a vehicle for bringing all of the interest groups together to talk about many problems, not about just one. Given sufficient support and importance, it would attract people from both the Congress and the administration, as well as from the constituent groups.

SECTION IV

Policy and Governance Issues

The problems in student financial aid are clear, but the prospects certainly are not. It may be helpful to broaden the perspective a little. This country does not currently have a planned, cohesive approach to education, and the result has been an incremental, uncoordinated system. For example, private colleges don't have the same traditions, programs, needs, and student bodies as the proprietary schools, community colleges, and public institutions.

In most countries postsecondary education is elitist. It is very clear that in this country, since World War II, we have made a commitment to enroll in post-secondary education anyone who shows interest. There has been a dramatic expansion in the last twenty-five years in the whole postsecondary education enrollment pattern. Now that the country has committed itself to universal access as a national educational philosophy, the next question is, how do all of these people pay for their education? The answer is shown in the large number of financial aid programs that have been legislated.

Wide variation in programs is beneficial in some respects; plurality is not necessarily all bad. Quite possibly the lack of an overall planning authority has enabled a number of higher education institutions in this country to carry out their unique mission; in student aid the fact that we have a wide variety of programs may be a good thing for the same reason. With the problems we face in enrollment and in funding constraints, we do need to provide for variation in the workings of these programs. Fifteen to twenty years ago, when institutions had more enrollment than they could handle and were very selective, the admissions officer was the person who held the key to enrollment patterns. That is no longer true. Now it is the aid administrator's role that is crucial. Many presidents are having some difficulty recognizing this fact. The aid administrator now has much more to do with who enrolls than does the admissions office, and the key is the financing of students.

Student aid will continue to be a significant portion of the whole financing pattern. Growth in federal student aid, like other postsecondary institutional patterns, has been incremental. There are many different programs that have been legislated for objectives ranging all the way from recruitment of scientific and professional manpower, trumpet players, and athletes, to provision of access for all sorts of reasons through all sorts of hodge-podge programs over a period of years. If program goals had been formulated, followed by well-developed objectives and program implementation, the system would look far different than

it does today. However, at some point planning must occur, even if it occurs only after many programs are in place. Similarly, state student aid programs grew up with many different objectives. Originally, they rewarded merit with state scholarships and assisted private institutions through tuition grant programs because states could not constitutionally give direct aid to private colleges. Now they emphasize grants to provide access. The result is a great variety of goals and objectives.

Administrators tend to focus on the delivery system as a problem area, but it should be about the second or third stage of concern about student aid. The first concerns are what should we be doing with student aid programs and what is the role of student aid in financing? Then, appropriate goals could be identified and legislative programs developed. This process probably would require much consolidation of current programs. After planning is legislated, questions about how to implement the resulting programs and whether the delivery system is working can be considered.

The delivery system is discussed in almost every meeting of aid administrators. The issue really is how to get aid to the students at the institutions. That issue involves the kind of data collected, the kinds of forms that are used, the number of forms used, and the kind of need analysis and/or eligibility/rationing system that is used. The reason the delivery system is such a focus of attention is that the way student aid is delivered determines who controls student aid policy in this country.

Traditionally, there have been pluralistic ways of delivering student aid, involving almost as many application forms as there are schools. The states delivered aid to the state agency, the agency delivered it to the institutions, and the institutions delivered it to the students. Many people, agencies, and interests were involved. Whenever that occurs, power and control of the system are dispersed across many institutions and individuals.

Significant changes have occurred in the last six or seven years. The most significant was the 1972 law concerning the BEOG Program. This delivery system was totally different from anything seen to that point, because the aid ostensibly is delivered directly to the student, who then selects an institution. That was a major new step that gave a lot of cause for concern, but student aid has now been committed to the notion of transportable grants for about seven years.

Clearly, there is much at stake in the next few years for the student aid community: declining enrollment problems (the demographics are pretty clear throughout the country), shortages of students, reluctance on the part of state legislatures to appropriate more money for institutional support, and the continuing inclination at the Department of Education to make student aid the primary source of federal funds. Student aid is probably going to be the hottest and maybe the only game in town, no matter which town you are in.

Some state commissions have grown so large, and there is now so much money involved, that the commissions have become the focal point of interest, particularly as states contemplate the possibility of reductions in state revenues and the initiation of massive tuition increases. While financial aid practitioners have been complaining for years about the neglect of college presidents and governing boards and their lack of interest in financial aid, the reverse may be true in the next few years. Practitioners will be saying, "We wanted your attention, but not quite so much!" It's likely there will be tremendous pressure on every practitioner to interpret the system in new and different ways. Increasingly, it will dawn on administrators that student financial aid is going to be the most important term in the equation to keep enrollment up.

However, student financial aid should be made less difficult for the student. It has gone somewhat out of control because of its complexity. Before the existence of centralized need analysis, CSS simply provided the tables and templates, and all need analysis was done on campus. Administrators used imaginative interpretations of the guidelines, but the process was simple and pleasant, and at that time it was considered a revolutionary development in financial aid. That development was the cutting edge of most new ideas that were emerging around 1954 and 1955. Student financial aid can be simplified only by major changes in program design and a reduction in the number of programs. At the moment, there seems to be no inclination to do this. In the meantime, administration, cooperation, coordination, and communication should be improved and facilitated.

Many of the current concerns have been influenced by the role of the former OE leadership, which sometimes had a very authoritarian attitude that was difficult to deal with. At present, the federal government's attitude is much more liberal and tolerant. However, the situation does point to the need for a formal and more structured consultative mechanism with some real political power.

The clarification of roles and responsibilities among the federal, state, and institutional partners is long overdue. There also needs to be some national guidelines for packaging (though not necessarily a national packaging policy) that everybody adheres to. These guidelines seem to exist informally, but there is nonetheless a high degree of inconsistency in the way student aid is awarded.

In some ways it is understandable why the federal government had (and, to some extent, still has) a concern for more control. There have been inconsistencies in awarding, inconsistencies among institutions, and other problems that probably should have been remedied over the years. But centralization may not be the proper response. Now not just OE, but the United States Congress is saying, "These are big expenditures, these are our programs; it's not the bureaucracy's job to control these programs, it's our job to control them." And Congress has become extremely interested in doing just that.

In H.R. 5192 Congress dictates a single processing agent, using a simplified form for which the student pays no processing fee. The entire need analysis system

(not only the results) thus can be dictated by the U.S. Congress, and the "no fee" structure has serious implications for agencies like ACT and CSS. It's not difficult to see that student aid is moving toward increased centralization. That trend has been apparent for about six or seven years in student aid (and has since emerged in almost every other federal program).

The Federal Influence on Student Aid

The student aid system now comprises a kind of crazy patchwork of financial aid programs, but it *has* been a prolific money machine. It has provided lots of money for millions of students and continues to do so even though higher education seems otherwise to be very depressed.

The public has, by and large, been content to have aid to higher education take the form (except for research funds) of aid to the student rather than aid for the institution. In 1972, Congress actually authorized institutional aid, but no appropriations were made. Aid to the student not only avoids the church-state issues which would restrain institutional aid, but it has a nice laissez-faire ring about it because the federal government is not directly choosing between types of institutions to be aided. Furthermore, student aid supposedly has the promise (or used to have the promise) of holding down the regulatory instincts of the federal bureaucracy.

Higher education has naively assumed that it could have all those billions of dollars without many strings. But institutions will find that the reauthorization legislation carries with it a rather high price in terms of increased federal regulation—in fact, in virtual federal takeover of the need analysis system (sometimes known as the delivery system) and all that goes along with it. The federal government now supplies something like 25 percent of roughly $60 billion spent on higher education in this country. Most of higher education has not begun to awaken to the control that goes along with these dollars. The federal government increasingly calls the shots in financial aid, and now that federal dollars approach 8 or 9 billion annually (including Social Security and Veterans' payments), it dominates in the student financial aid world.

The government tells the institutions how to run athletic programs on a nondiscriminatory basis, dictates which barriers to the handicapped must be removed, and demands time and effort reports for investigators on research projects. Higher education sometimes forgets that not all of these regulations are the result of overzealous bureaucrats. They are sometimes the unintended consequences of federal regulations originally directed at others. And at other times, they are the direct result of postsecondary education's failure to deal with the charlatans in its midst or of various forms of discrimination that have been practiced and not remedied. Much of this, higher education brought on itself by giving lip service to self-regulation but, when pressed, perhaps found that it is easier to be regulated by the federal government than to do what must be done to self-regulate. Financial aid also has some housecleaning to do. Institutions often

lack fair and equitable tuition refund policies. Too many institutions are manipulating the cost of attendance when they have excess SEOG or Work-Study funds to spend. It is a temptation to hike the cost of attendance a bit in order to spend the money. That kind of practice simply invites federal regulation.

Regulations always emanate from the source of funds, and financial aid professionals know that, increasingly, those dollars are coming from the federal government. The great increase in federal student aid funds has happened since 1972, and it is only since that time that there has been a federal takeover of the delivery and analysis system. Regulation has increased step by step to the point where it is not even the bureaucracy that is issuing the regulations; many are now specified in the law. The Congress sets forth a great deal of detail in the law that perhaps ought not to be there at all; administrative detail should be in the hands of the financial aid community.

The recent willingness of Congress to legislate specific aspects of need analysis is an ominous development. For example, home equity is an item that has a great deal of political implications for each and every Congressman. However, dealing with it in the formula for need analysis is a highly technical matter. Nonetheless, Congress has seen fit to legislate such items as the percent of home equity that can be included in the formula, loan interest rates, and so forth. This amounts to practically an item veto system which is similar to what the governor of California now has in regard to that state's budget. When there is an item in the higher education budget to which he might object, that item specifically can be vetoed and would have to be run back through the legislative process all over again. It seems obvious that the item veto system on the one hand, and the inclusion in legislation of specific elements of financial need analysis on the other, are bound to distort the student aid process according to the influences of politics rather than technical expertise or knowledge. This puts a terrific burden on the student financial aid community to be able to present Congress and the federal bureaucracy with recommendations that would reveal the interrelationships of the various elements in need analysis—that is, that one element of the system cannot be changed without affecting the rest of the system.

Policy Implications

Student financial aid has increased some sixtyfold in the last 15 years or so. It is a critical factor in the public-versus-private enrollment balance and is also the main gatekeeper to choice of college and access to college. Higher education is caught in this financing web with no concept of alternative ways to insure access and protect choice.

Unquestionably, there is now sufficient aid available; thus it is no longer a question of whether or not young people can go to school because of financial barriers. Now it is a question of whether they want to go and where they want to enroll.

For a very large part of our population, there may be a great predisposition toward college-going or college avoidance. There are some interventions that can be made, but they should be highly targeted because financial inducements will make a difference for only a very small number. Financial aid is offered indiscriminately to all kinds of young people, but for only a small portion of them is it the critical factor determining whether or not they go to college. The choice factor is somewhat the same. Massive programs have been developed to promote equity. And once that momentum has begun, how can it be halted or even slowed? How can higher education withdraw from a situation which has rapidly developed such massive constituencies?

Furthermore, there is now a potential situation where cheating can be rewarded and honesty can be punished. Current student aid practices are like the situation in Aesop's fable of the grasshopper and the ant: The "grasshopper" who lives for the moment and has all kinds of debts, a vacation home, boats, and so on is rewarded with a grant to his youngster; the "ant" who worked hard to be debt-free and save liquid assets to send his youngster to college is denied help. Then OE conducts a study including a simulation of dishonesty in the application process and, when the inevitable fudging happens, it is shown to cost the government much money. There is no policy board for student aid to consider large policy issues such as these. Instead, there is a conglomeration of discrete programs that were set up at different times for different purposes. The programs succeed in large part, or at least in some of their purposes, so they are continued and expanded, and soon they overlap and conflict with one another.

The student population is decreasing, and there is interest in spending more dollars on a smaller population pool of students to induce them to enroll at competing campuses. Is that consistent? If student population is going down, shouldn't financial aid expenditures go down? The opposite is occurring; student aid funds are increasing sharply. Perhaps using student aid to induce students to enroll is an attempt not to improve education, but to perpetuate the campus. An evaluation of that practice may be necessary.

Are students enticed into higher education who would benefit less from college than from other productive things that they might do? Why should a public policy provide $4,000 or $5,000 to the student for a subsidy to go to college and zero dollars for a young person who wants to set up his own business or enter a skilled trade? Our student aid funds are a reward and an inducement factor for young people choosing only one of these alternatives. Is it in the public interest to induce young people who would prefer to become plumbers to study sociology instead, merely because they can get a high public subsidy for enrolling? Especially when they get no public subsidy for a long and expensive plumbing apprenticeship? Add to that the fact that they must pay high taxes during that apprenticeship to support the enrollment inducement funds for their contemporaries. What does that do for productivity in the society? Is more student aid money really needed? Many low-cost institutions are now receiving more than enough federal and state money to support all qualified needy students. How can

those dollars be disbursed in a better way or through a better system to students so they can benefit from that financial aid and stay in school?

Perhaps a lot of minorities have been persuaded that their only hope for either future economic power or self-realization is through what student aid has produced since the late 60s. There has been a dramatic increase in the number of minorities who have been brought into the system. That may eventually backfire in terms of the quality of experience they are getting. The country responded in the early 70s to be sure that the doors are not shut to anyone. Now these "new students" want to be assured of more than just an education. They need the skills to utilize the educational experiences provided to them. They need to know how to find and hold a job. The nation is going to wake up someday to the realization that providing access to these "new students" implies more than just traditional opportunity to traditional students. Unless higher education meets their high expectations by helping them succeed, there may be a big social problem still ahead in this country. The number of minority applicants is still increasing, and one gets the feeling they are being counseled: "This is the only path for your future." They now have clear access, but what about their skills at graduation? Someday they are going to react if they find they lack marketable skills. Some of the money should be put into development of the kinds of skills they will need to compete in the work arenas.

Minorities realize that their lifestyle is much improved by student financial aid. Many have never dressed better, eaten better, and felt better psychologically. The motivation is not just to get an education, but to get a hold on that money that would elevate them to a style of life that has been denied them all these years. That is what really has opened up to a lot of them. This opportunity did not exist several years ago. For many minorities enrolling in college is not just a means, it is an end, as illustrated by the statistics for black females. The number of black female applicants to the Illinois State Scholarship Commission continues to mushroom. Over the past ten years two-thirds of the Illinois black American applicants have been women. It is not known whether this trend is because they can get more aid than the basic amount they need to attend, or because they were so poor that the aid made them better off after they enrolled.

Studies of Illinois State Scholarship recipients over the last 10 or 12 years show that term-time earnings are down considerably as a percentage of the total the students have contributed to educational costs. There are some real values in the discipline required in the exposure to the world of work. Underutilization of Work-Study funds is a cause for concern. With tight money legislators will appropriate funds for Work-Study more rapidly than for any other form of student financial aid.

In 1979-80 a billion dollars is going to lenders as loan interest subsidy. The Congress might say, "Wait a minute, why don't we just divide this up and give every kid who wants to go to college or do *anything* a certain amount of money when he or she is 17 or 18? Let them run with it the best way they can." That could

be the new federal policy on helping our youth, college-going or not. It can be argued that if we continue to spend time squabbling about who is needy and who is not needy, who is independent and who is not independent, when financial aid is growing so rapidly with much of this money going to lenders who are already wealthy, it could lead politicians to another kind of response. They might say, "Let's just divide the whole thing up as a sort of dowry or settlement." Think of it this way: When the total amount of federal appropriations for student aid dollars plus the amount for various youth training appropriations exceeds 20 billion dollars, the money might just as well be divided up among all young persons. At the present time, there is a total of about 12 billion dollars for all the various authorities and appropriations. At about 20 billion, it might be just as fair and effective to give every young person his or her dividend share of the total. Then there would be no worry about abuse and fraud, inconsistent definitions, or problems with the delivery system. Congress would just parcel the money out as in an entitlement. And if some young man wants to buy a used car instead of investing his share in college tuition along with several years of his life, then so be it. The money circulates in the economy either way. The Department of Education should do a thorough, extensive cost-benefit study on the difference between that approach and the cost of administering all the various programs with the attendant load defaults, fraud and abuse, shortcomings, inequities, and other problems. One of the concerns, of course, is that Congress might just decide to divide up the pot when the amount reaches 15 billion dollars, and then the entitlement would not be large enough to do anybody any good.

There are common concerns about which the student aid community had better develop consensus before it is done by Congress. Institutions (and states as well) should have latitude in raising money and in determining how they should spend that money, but how long can the present kind of chaos be tolerated?

The lack of a grand plan for student aid may not be entirely a bad thing. The fact that there is no grand plan, and that there is a multiplicity of programs and rather complicated processes, may enable a number of institutions with diverse missions and goals to function effectively. But the student should not be at a disadvantage because of this; the process should be made as simple as possible for the student who is applying for aid. A multiplicity of programs, reflecting the diversity of goals and responsibilities as viewed by institutions of higher education, is consistent with an essentially anarchistic model of student aid with Congress as the only policymaking and coordinating body. In this model, things happen inadvertently rather than by design. There is a brief to be made for the flexibility inherent in this process, but it is terribly expensive and inefficient.

How many different definitions, individually determined by campuses, can be tolerated in such areas as dependency status, academic progess, or refund policies?

There is a real concern that Congress may well reject its bastard children in the form of all these competing and inconsistent aid programs. They are politically

terribly vulnerable because of the lack of coordination and the unintended effects and expense that result.

Governance Issues

Many important problems are insoluble as long as there is no policy board or at least advisory council to which potential solutions can be referred. Perhaps one with statutory or at least consensual authority ought to be considered.

A stronger group is the next logical step. A public corporation could be chartered by the Congress, with legal rather than just persuasive authority. There are various possibilities. A federal educational student aid board may even be established, even though that sounds heretical to many practitioners. It really is not, because it has precedent in the American tradition in education. Educational governing boards exist in all sectors of American education except at the federal level.

A public corporation or federal education board may eventually govern student financial aid in some way, but that possibility is still far in the future. The student aid community should try to establish a stronger, more representative, and better structured voluntary organization to speak for it in the Congress and in the new Department of Education. This organization would provide a better opportunity for communication and a forum in which to work out some of the common problems in student aid. Indeed, these common problems are national problems, and they have to be approached on a national basis.

It is important to distinguish between a governing body and an arrangement designed to influence the system. One problem is that Congress at this time, and in the near future, probably won't accept the idea of anybody else governing the system, and its view is decisive; what it does has the force of law. Another consideration is that the major constituencies (e.g., NASFAA and CSS) have serious governance structures of their own, and they will not want to compromise them. On the other hand, if one considers models where some sort of coalition tries to exert influence, that may be a much more viable proposition than a governing body. For one thing, now that Congress has taken so much more initiative in these matters, the results of some of its mistakes will be seen in a year or so, perhaps sooner. There may well be an opportunity in the not too distant future for people whose integrity and concern with the ultimate goals of student assistance is unquestioned, who have the technical background and the traditions that could be involved in this coalition, to be very influential. There are possible models: for example, the accrediting associations formed the Council on Postsecondary Accreditation (COPA). That is a relevant model because people in the accreditation field voluntarily formed a group that talks about standards. The National Labor Relations Board is responsible for governance; and there is a council which sets policy for the National Institutes for Education, among other examples.

A useful analogy to consider in student aid governance is in the matter of statewide coordination of higher education in a number of different settings. Almost all states went through a metamorphosis of trying to deal with the problems through volunteer groups of presidents and board chairmen or others. This was not effective for any length of time and was not intended to be; it was just meant to stall off effective statewide coordination. There are other analogies where voluntarism does not work for any real length of time, but at present it well may be the most feasible thing for student aid.

Student aid is going to move in the direction of governance in a very gradual manner. The most logical means at this point is to gradually expand the Coalition, insuring that the constituencies which are currently represented continue to have the opportunity to provide counsel, advice, and expertise. It is not likely that there will be overall acceptance of any kind of new body that is proposed either formally by Congress (which may very well occur) or by the education associations themselves. The student aid community should have a formal structure which insures that it is getting input from all segments. NASFAA seems disposed to lean in the direction of some formalization of the existing structure, namely the Coalition, but with the expectation that that body may not be appropriate in its current state, or even its expanded state, for more than two or three years.

Policymaking and administration should be separated, but it is not always easy to distinguish between the two. Often administrative matters have consequences for policy. One can consider the differentiation between governance and administration as follows: An example of a policy question is whether this country shall continue to focus almost entirely on need-based student financial aid. That is a governance issue. An administration question would be which need analysis systems to use. The Coalition could be well suited to mediate the dialectical process in improving the delivery system and other administrative matters. Of course, with need analysis the policy is set in the law because it defines what groups can be focused upon. In that case, the policy is in the law that has created the need-based programs, and Congress is its own policy board.

The question of how much structure to use in regulating such processes as determining need analysis and dependent or independent status is an important maintenance or administrative issue. But the impact of such determinations on student financial aid as a whole, on the institutions, on the relationship between parents and children—these are the policy issues that only the political system is now in a position to deal with. Perhaps that is as it should be from an ideological viewpoint, but it makes administration very difficult and opens the way to arbitrary decisions at every level of the system.

SECTION V

Administrative Problems and Issues

The adequacy of money for students to attend college is no longer the critical issue it once was. Large amounts of funds have been provided for the various student aid programs at the federal, state, and institutional levels. However, along with that flow of funds has come a large amount of centralized and mechanized control. As a consequence, it seems to many student aid administrators that it is becoming more difficult, rather than easier, to deliver the aid to the applicant. For example, the application process has been reduced to a single form and hopefully to a single analysis system; but along with that have come from the federal government the requirement for validation and the new regulations requiring transcripts. The result is that administrators not only have to act in a fiduciary capacity with respect to the federal funds, but they become bogged down in excessive administration. The major challenge to practitioners through their professional organizations is to try to restore some of the flexibility, initiative, and what can be called the art of delivering financial aid to needy students. Administrators need to somehow influence the government programs toward changing back to the more flexible and humanistic system that prevailed earlier. Perhaps the proposed Coalition might be a means to influence the whole process. There seem to be some hopeful provisions in the legislation for the new Department of Education, and there are some other promising signs.

What do aid administrators hope would come out of any kind of government student aid system? One difficulty in trying to summarize their expectations is that in postsecondary education there is a great diversity in types of institutions, institutional missions, campus administrative resources, and state student aid resources. Nonetheless, it is possible to identify a number of general characteristics that would, it is hoped, emerge in any kind of partnership situation. First it is necessary to define the role of the aid administrator as manager. The text and the materials that are used in the NASFAA training module suggest that the aid administrator is cast in a fiduciary role, being responsible to the donor for the appropriate utilization of the funds, whether the donor be the federal government, the state government, a private source, or even the institution. Appropriate utilization would be defined as using the funds in a way in which the donor anticipated that they would be used. Normally, there are rules and regulations which are set down to help achieve those objectives. Moreover, the aid administrator must see that the needs of individual students are met appropriately. The administrator stands between the provider of funds and the individual students who need these funds. This process of coordination between the interests of the donor and of the students occurs in the environment of an

educational institution in which certain institutional goals and missions also have to prevail. So the aid administrator finds himself or herself in a complex situation. The following are likely to be some of the particular problems which the aid administrator would like to see resolved:

1. The aid administrator desires and needs rather desperately an early notification of available funds. Thinking back to the recommendations of the Keppel Task Force and its proposed calendar, recall that Basic Grants were supposed to be in place first. The Keppel Task Force recommended that students' BEOG eligibility be made known about the first of November; then the states could come in with their determination of eligibility; and finally, the institution could respond by filling out the aid package to the extent that was necessary or possible with institutional funds, private money, or other resources. That certainly has not taken place; on the contrary, there is a problem of late notification on college campuses about the availability of campus-based aid. Early notification is needed more than ever: early admission and competition for students, which is becoming more acute, will necessitate that the delivery, application, and awarding processes occur on many campuses much earlier.

2. Aid administrators almost universally would agree that the rules and guidelines under which they operate ought to be known much earlier. The difficulty in getting regulations approved in the Office of Education will hopefully be alleviated with the new Department of Education. At the present time, the federal government is operating the allocation of campus-based money for next year on the basis of another proposed ruling. There is not a final regulation governing the whole process.

3. Aid administrators want to be sure in the authorization, appropriation, and allocation processes that sufficient funds are provided to respond to needy students on campus. One of the difficult problems they will face is knowing that there are sufficient funds. There will be more pressure on the aid administrator, particularly in the independent sector of postsecondary education, to use institutional funds, private funds, or merit-based awards. This can already be seen in a number of institutions, and aid administrators who believe in the first principle of NASFAA's good practices are going to insure that aid will go first to needy students. It will be increasingly difficult to follow that principle because in many private institutions, and in some public institutions as well, there will be greater pressure on the aid officer to use institutional and private funds to respond in ways that will encourage enrollment, particularly of the academically able students. This goal can be attained with the merit types of awards which are going to play a more important role in that particular area.

4. The aid administrator in any kind of a partnership system wants to insure that he or she will have maximum flexibility to respond to individual students' needs and circumstances. As student aid moves in the direction of more and more control from Washington in the whole delivery process, it seems that trying to

make this process apply in individual circumstances will require that aid administrators have as much latitude as possible to exercise judgment and to bring their professional experience to bear.

5. The next area of concern is determining how the application process will function. It is very important to bear in mind that there are vastly divergent institutions in this country and that they have different calendars. Some institutions find it necessary to make related decisions about admission and student aid. In some institutions the decision on financial aid is equivalent to the admission decision for many students. These institutions are not in a practical sense admitting students unless they admit the student and award aid at the same time. In any kind of delivery and application process, there must be sufficient latitude to accommodate institutions which have very different application and financial aid calendars.

6. A final area in which the aid administrator is concerned and probably would welcome some relief is the need for more simplicity in the whole delivery process. Most aid administrators believe in moving to one form, so long as it is the form which the aid administrator wants to use. A common basis must be found for the various elements that go into an application. The more this can be accomplished by self-governance, the less opportunity there will be for others to do it for the aid administrator. Student aid must move in the direction of a simple process which can be easily understood by students and parents and which results in timely notification to students and in prompt delivery of funds to these students once they enroll. That is absolutely essential.

Student financial aid administrators are sometimes critical of the level of sensitivity of the federal government to procedural problems at the institutional level. An example is the Student Evaluation Report (SER), a form that is required by the federal government, but is too lengthy and of an awkward size. Did the federal government consult adequately with the student financial community in developing and distributing that form?

The question arises whether the institutional aid officer is in some danger of losing his job because of the increased centralization of the delivery system. That will probably not be the case. There will always be the need for someone at the institution to preside over the mechanics of the process. Until very recently, there was a period when it seemed that the Office of Education was moving to make mere functionaries out of institutional aid officers, to have them solely watch over fraud and abuse and to direct the paper flow. There was a mentality with the Deputy Commissioner to make the process so centralized that the institutional role would be largely mechanical.

However, with the advent of the current federal leadership of people who know the student aid functions at the institutional level intimately, there is a move back to flexibility and communication with the aid officer. It is fair to say that the previous move, that is, to reduce the decision-making role of the institutional aid

officer, was a reaction to the many problems that had occurred at the institutional level. In other words, the move toward centralized control at the federal level was somewhat justified.

State Level Concerns

In contrast to the federal view, most state scholarship agencies have allowed institutions to keep much of the decision-making. They seem much more supportive of that role. There are serious synchronization problems at the state level. For example, one state has a major state institution closing off admissions on the 15th of November for the following August, and every private school in the state wants to reach some of those students through the use of the student aid commission's announcement. However, the commission makes no announcements until January. The private schools say that is too late. So there are conflicts in many states, where the differential attractiveness of various schools forces the state to debate how it can develop and synchronize deadlines that seem best. State student aid operations are excessively affected by federal procedures. For example, the federal government evidently believes that the reporting of annual income of the latest tax year increases the scientific objectivity of the need assessment process. Perhaps information for the *preceding* tax year is sufficient to expedite the kind of need analysis decision being made. Those who believe that fraud and abuse occurs frequently hold that income must be reported as closely as possible to the time of the award. But is the income level being reported in January and February any more accurate than what applicants would have reported for the last half of the preceding year?

The *federal* effort emphasizes *access*, and what most *states* want to accomplish is maintenance of *choice*. When the kinds of data that are collected on a standardized form designed by the federal government are not sufficient for institutions and states to make the kind of decisions that they have to make, they will want a form that will allow them to make differential decisions among the populace that is not necessarily to be served by the federal Basic Grant co-document. How a state commission says "no" to applicants each year is just as important politically and professionally as how it says "yes" to recipients. That is a different situation than the Basic Grant entitlement concept, where the target is a certain defined population.

The federal distribution of student aid dollars directs 60 percent to public institutions in the government's attempt to insure that the lower-income student, regardless of the college cost, should be basically supported. Evidently, access is a much higher priority than choice for the federal government. The current distribution of funds by the states represents a complete reversal of this position. Sixty percent of state dollars are going to students attending private institutions. Why? The states have decided that about 80 percent of the money cannot exceed tuition and fees, and that provision built into the selection process indicates that the preservation within the state of a variety of opportunities is a very important state purpose.

In one large state during FY 1979, about $74 million of the Basic Grant dollars, or about 59 percent of the total, was awarded to students in the public institutions, with the balance going to students in the private institutions. But during that same year the state commission gave about 67 percent of state student aid funds to the private institutions and about 33 percent to the public institutions. The average value of awards to private college students was $720 in Basic Grant dollars plus $1,643 in state dollars; for students at public institutions, the average was $781 in Basic Grant dollars plus a state award of $611. Therefore, there was about a $1,000 difference in average total award.

States may have certain purposes which differ from the overall intent of the Basic Grant Program. They favor the Basic Grant because it enables them to use state dollars for other purposes than basic access. In many states there are 10 percent fewer award winners for the state program than formerly because Basic Grants took care of them. This has freed considerable funds for other purposes, because the Basic Grant met the full need of that 10 percent. In addition, there are certain students attending low-cost public institutions who are declared to be not in need of a Basic Grant. And thousands of others had to be told that a Basic Grant eligibility does not automatically mean eligibility for additional state money. This situation results from the overreaction represented in the Middle Income Student Assistance Act that fixed a 10.5 percent rate of taxation on discretionary income across the board, no matter how high or low the income level. What scientific or objective evidence supports that taxation level? Under this system some extremely high-income families with students in college will actually be entitled to assistance. When a program like BEOG affects so many millions of students and their families, legislators may well be tempted to make decisions that will respond well to their constituency, if not necessarily to a scientific model. That may be the inevitable result when a program becomes huge and is seen not only as a way to deliver benefits but also as a way to develop political responses. Certainly, the changes in the Guaranteed Student Loan Program are another way for the federal government to say to every family, regardless of resources, "We've got something that you might benefit from." And every state has experienced significant growth of guaranteed loans. Many sophisticated parents will encourage their children to borrow this money, whether they need it or not. These kinds of decisions are obviously not being made on the basis that was used for years, that is, of a scientific attempt to best distribute limited resources; now the basis is, "What are the best political decisions that can be made in the name of helping needy students?" This is a whole new arena.

Many state student aid administrators agree that the Uniform Methodology in concept is very good, but as it has become an instrument to respond to schools that have some federal or institutional funds to distribute, it has gone well beyond what is necessary for an accurate assessment of a family's ability to pay for education. One large state estimates that it would require an initial expenditure of $15 to $20 million to convert its need analysis system to the Uniform Methodology because of the need to identify and include needy applicants.

With Basic Grants growing, there could come a day when any and all state and institutional efforts would no longer be needed. That might not be in the best public interest, but that is what could happen if the federal government continues to increase maximum award levels.

Whether that happens or not, many high-cost, selective institutions with funds to distribute already find that they are affected greatly by the decisions of the federal government and the Department of Education. They are frustrated as they have to make fine-line decisions in some kind of objective way for those that may not be covered by the common form. Thus, the proliferation of forms may continue because purposes are different, and multiple programs may continue. The partnership that once started out to reduce red tape or to agree on one standard need calculation should now focus on more substantive policy issues.

Centralization and the Role of the Aid Administrator

There has been a great deal of talk about centralization, and of course, the federal government has moved toward a single need analysis system. But few people realize that the administration's reauthorization bill that was developed and introduced in Congress called for a great deal of flexibility and responsibility on the part of the student financial aid administrator. Similarly, there has been a great deal of talk about "nationalizing" NDSL, but, in fact, it has always been a national system, and the discussions in the summer of 1979 were aimed simply at nationalizing the collection process. Thus, the federal government was not "undoing" NDSL; rather, the attempt was to save the system and expand it, not to reduce it or kill it off. In one sense, at least, the process was made more liberal because of the allowance for multiple processing, whereas in comparison, some states have required a single processor.

A system such as the California student aid system is highly desirable from the administrator's point of view, since the institutions have much more latitude in their relationship with the state aid commission than with the federal government. Even though the legislature might mandate a single form and a single type of need analysis, the administrator of the state program deals with that mandate by going out into the field and consulting extensively with the student financial aid community.

The federal government tries to do extensive field consultation in the loan area. And the new reauthorization legislation has a provision that the Commissioner would have the authority to describe the methodology by which the student expense budgets would be developed. The purpose was specifically to avoid a situation in which a national standard of student college expenses would be set up by the federal government and applied across the board. The professional associations have worked hard to improve the in-service education of administrators so that they would be capable of developing the needed formulas and procedures within the institution. The federal approach should recognize the

whole aspect of self-regulation and improvement of the process at the institutional level through increased professionalism.

There are indications that the federal government is trying to capitalize on the improvements in institutional student aid administration. The regulations in the new law provide a modicum of guidance for the administrator who is professionally capable and has the required integrity, and they also provide for a regulation process for those cases where there is incompetence or fraud or both. This assumes that the job is best done by people at the institutional level, but also assumes that no mechanism is needed to oversee the vast majority of aid administrators who do perform in a professional manner.

Some people have a relatively high tolerance for ambiguity and others do not; financial aid administrators who persist in their jobs are the ones who do have a high tolerance level. The Office of Education is accused of meddling too much in some areas and being too disinterested in others. Aid administrators are never quite sure where they are free to use their own judgement and where they are not. For example, the aid administrator may be provided documentation about a dependent student and find that the student actually has independent status. When a student comes in and says, "My parents aren't giving me any money," the discretion is sometimes difficult to exercise. The Department of Education needs to tell aid officers exactly how to document such information so that they can get that student's status changed.

In the job location and development program which the federal government has lately been trying to promote, there are regulations which are written to deliberately allow a great deal of flexibility; however, some administrators in the field then request more direction on how to interpret these regulations. Rather than tighten up the regulations, the government's response was to put out a handbook and other information the field can use for guidelines. The question remains whether more structure is needed.

The higher education world needs to come together on the issue of student expense budgets and the cost of attendance before the bureaucracy develops a regulation on prior federal review and begins standardizing the cost of attendance. In the case of both the administration reauthorization proposal and the House bill, the higher education community virtually ignored the issue. When the administration structured its proposal after great debate, the issue was whether or not it should aim for statutory authority because that is such an ambiguous area in which to get the authority to set budgets. The decision was to request authority to accept the procedures that a school must follow in developing its own individual budgets. The model is the NASFAA handbook on how to build a student budget. That decision did two things for higher education. It would allow the government to set up the research that the school had to conduct to construct a budget, but at the same time, it prohibited fixing of standards for each individual institution by the federal government. There was a built-in protection for individual flexibility in that particular piece of reauthorization legislation. Without

the legislation, there is no question that the bureaucracy has the authority and would probably issue a regulation.

On this point the federal government and the student aid community agree. The government wants to use the standards of the community. In the case of student budgets, as a convenient example, that type of flexible cooperation is exactly what it wants to see happen; in the case of the refund policy it already has gone that route. But if the student aid community wants to support such initiatives, it should adopt the kind of language in its institutional policies that builds in accountability. This is the issue the government is concerned about; it wants to guarantee against abuse, for example in student budgets, but not in such a way that canned budgets are mailed to institutions out of Washington.

The student aid community needs a forum by means of which self-regulation can occur. Then the student aid community can reject interference by the federal government because regulation would not be necessary.

SECTION VI

The Role of Research

A question basic to evaluation research is: "What are the missions and goals of financial aid programs?" There are many different views: The goals of equal access, choice, and persistence represent the prevailing federal view; from the viewpoint of the institutional administrator, student aid is a source of funds to maintain an institution. Students view financial aid as providing the opportunity to attend a postsecondary institution and hopefully to be able to choose a specific school.

In effect, one of the primary purposes of the present advisory structure was to come up with some reasonable set of goals and activities for each of the partners. The primary concern from a research viewpoint is to evaluate that situation now.

Many of the questions are either informational ("wouldn't it be nice to know") or related to program evaluation. One of the problems in building a research agenda for student aid is that, in both cases, it is difficult for an agency outside of government to assume the financial responsibility to spend hundreds of thousands of dollars to provide answers. Lack of funding is one of the reasons that very little student aid research is done. The federal priority for research would naturally relate to program effectiveness and program results, but that leaves many of the basic questions unanswered.

Federal, state, and campus-level research on student aid all have different purposes. Research can help with a number of important policy questions, such as the problem of induced enrollment. Other questions are: how well are our affirmative action programs doing? how well, in states with differentiated institutional functions, is the flagship university doing in quality of student body? and to what extent are private colleges using particular kinds of aid funds to maximize enrollments? This set of issues is characterized by an extraordinary amount of sensitivity. Institutional aid officers can be hauled into court for not doing the affirmative action job right or for misusing student aid funds even inadvertently. In this field there are many norms for behavior, which are not consistently observed. Who is going to take responsibility for developing a focused research program in the whole area of induced enrollment? There is, for example, an interaction between the use of student aid for affirmative action and enrollment enhancement. One of the few original findings of the Carnegie Council surveys of student aid was the fact that marginal, nominally private liberal arts institutions had apparently been able to use Basic Grants, packaged with other kinds of aid, to vastly improve their enrollment and also to fill some

empty spaces. There are some interrelated issues here. As long as the focus was on the traditional goal of access, it was enough to ascertain whether student aid was being distributed fairly so as to reduce financial obstacles equally. Now state legislatures and the federal government are asking about many other issues.

One problem with conducting research from a number of different perspectives is that the likely result will be inconsistent, if not directly conflicting, findings. In frustration Congress may then say, "A plague on all of your houses." How can policymakers interpret the different findings that usually tend to support the predictable point of view that each organization has?

In regard to the Middle Income Student Assistance Act, there were several reports that were developed very quickly about whether or not middle-income students are under financial pressure. Some reports indicated that this was a manufactured problem, that people now spend about the same proportion of their income for schooling as they did 10 to 20 years ago. Other researchers using a slightly different data base and slightly different definitions found that there was great financial pressure. The point is that researchers of good faith, procedures, and reputation arrive at different results after looking at the same question. One widely accepted premise is that there is very little about education that has been answered conclusively through research, particularly regarding any kind of policy question.

What resulted in the case of MISAA was many inconclusive, inconsistent, and conflicting findings; the consequence was Congress saying, "A plague on all of this, we're going to go ahead and make a decision, which may turn out to be a bad one." And, indeed, some are convinced that MISAA was a bad decision. That is because Congress tried to find out "what is" so that it could decide "what should be done." Not getting an answer about "what is," they went ahead and made their decision without data.

Research can sometimes be helpful on the largest-scale policy questions. Although there are always reports on how many students are being helped, a primary concern should be the impact of financial aid programs and policies and how they are affecting the student in relationship to the family. Is student aid inadvertently breaking down the social system? Sophisticated parents are now diverting large amounts of money that could have been applied to the educational needs of their children. Related to that is the number of parents who will certainly soon conclude that "I am the most stupid person in the world to claim my son or daughter on the income tax form; I'll qualify for big money and try to prove that they really don't live with me or receive money from me." Another sensitive area is the trauma that institutions now face because of impending enrollment changes. It is not possible to somehow spread enrollments to make everybody happier and place everybody on the same level of pain. There are indications that, in Illinois alone, MISAA transferred 10,000 baccalaureate degree students to public sector colleges from junior colleges, which recorded the greatest enrollment drop in their history. Many students apparently thought, "I qualified for a Basic Grant,

and I don't have to fight my mom and dad on being a commuter. I now have the money to pay for room and board, and I'll go to that big public university. The dorm life is glamorous, and I won't have to live at home and be a commuter." That is possibly a very dangerous example of unintended consequences. Another trend somewhat related to public policy is the fact that in some states over 60 percent of the applicants are women. Every year there is a 2 or 3 percent greater increase in the number of women than men reaching out for all levels of higher education. This trend and its implications ought to be studied thoroughly.

Student expense budgets are an example of an issue on which voluntary cooperation could actually founder because it affects the vitality of the private sector. Evaluation research would show that only very approximate guesses are aggregated and comprise the empirical basis for the college expense component in the formulas for student aid. Does Congress really know how that component is put together? When that is investigated, unanimity may start falling apart.

While decentralization and self-regulation are generally acceptable, there are special interest groups whose concerns are slanted in a single direction. Tuition refund policy is an example. From a research viewpoint, it is not based on any empirical evidence. Has anybody done cost studies in developing tuition refunds? It is really an institutional cost problem—because, given the fact that there are going to be some dropouts, how does that reduced revenue affect the institutions and their ability to finance their programs? The proposed ACE-NACUBO system has great acceptance in the student aid community, but it may not be a reasonable policy at all on the basis of research. The present laissez-faire system puts a terrific burden on each institution to make sure that it is doing something that is fair and not only is representative of the industry, but in fact corresponds to the intent and the letter of the law and the regulations. If the Coalition is going to take on self-regulation, it will find it is an even larger responsibility than just getting agreement within the industry. Self-regulation requires a fairly strong research component to determine compliance with "industry standards."

Sometimes policies need to be changed in rather drastic ways. Research anticipates some of the problems and questions. Another function of research is to evaluate programs: How well are they doing what they are supposed to be doing? Research can modify existing policy and it can do evaluation, but it can never initiate policy and can never create policy. That is always a dialectical and political process. What is lacking in student financial aid is a mechanism or an organization that can create or at least coordinate overall policy. Except for Congress, which is the ultimate policy-making body, there really is no relevant policy board in student aid. Until one exists, how can effective evaluation take place if no one knows what is supposed to happen or what the programs are supposed to be doing?

Current Research Activities

The College Board recently did a national study on admissions offices (not financial aid offices), and asked how many of them were using financial aid money independently of need. The investigators then asked how many admissions offices were enriching their aid packages to induce enrollment. About 42 percent of the "open door" institutions were using no-need awards to entice particular students onto their campus, and 80 percent of the selective or other four-year and five-year public and private institutions were doing the same. Evidently the use of dollar inducements to bring students onto campus is a widespread practice.

Most of the research has been done in a period of increasing student pools. Last year's was the largest high school graduating class that will be seen in the country for at least twenty years. That little demographic downkick every year will start to force institutions into tighter and tighter financial positions. Presidents of institutions think about student aid as strictly a marketing device. They see that strategy as being central to their survival, and that very fundamentally changes the functions and uses of student aid from its original mission.

The College Board last year published a guide to the literature of student aid that lists over 900 research studies and articles. The Board staff itself had either conducted or written about 20 percent of those studies in the past 25 years. The Board and its College Scholarship Service have an ongoing program to study aspects of the Uniform Methodology, need analysis, and the impact of MISAA. Their researchers have looked at "no-need" awards, the effect of rising costs on college choice (especially for high-ability students), and the whole question of student loans, problems, and policy alternatives. Finally, the Board has tried to look at the willingness of parents to contribute, although that field has just barely been tapped.

Because the College Scholarship Service itself last year served over 2.7 million students and families, many states, and several thousand institutions, the Board and CSS also try to conduct the research and evaluation to make sure their services are effectively serving their constituents' needs. Their studies answer public policy questions, but there is no ready mechanism for the government to quickly assess those findings. The Board proceeded to conduct the studies that can help it improve its own products, but the federal government cannot help it conduct a basic research study without going through a whole contractual bidding process because sole-source contracts are not allowed, even though the Board, ACT, and other agencies are sitting on a gold mine of data. So a lot of research that could have been done is still undone because the resources are not available to do it. The Board's base of 2.7 million students and families is an incredible resource that has just barely begun to be used. But the Board cannot afford to do the research with its own resources alone.

It seems obvious that, over the last few years, institutions are in the best position to do a great deal of needed student aid research. Typically, campus aid administrators and even institutional research officers rarely are able to give attention to the research that could be done there. There are many such research topics accessible at the institutional level, especially as they relate to access, nontraditional students and how they pay for education, college expenses, and a whole series of choice factors. An institution or a group of institutions could begin to give answers in these areas quickly and at reasonable cost. In contrast, a national study set up to do the same thing would cost a fortune, and might not find out any more than a collection of institutions that tackled that subject.

Poor people tend to be more influenced by aid awards in their decision to go to college than do rich people. That is not so surprising. The labor market certainly has an impact on the decision to go to college. If there is a good labor market, enrollments tend to drop. If the labor market is bad, people tend to go to school—and, again, that does not seem unreasonable. Another important factor is the expectation for work in the future. Higher education is seen as an investment. If, for example, it appears that entering a school of education may not be the best investment in terms of career payoff, students tend not to enroll as frequently in that program. Students clearly are making the financial decisions; and student aid is one of those factors, although certainly not the only one. There is strong agreement about that; and it would appear also that there is strong agreement about the fact that nonfinancial factors are probably more important than financial ones in the decision to go to school. Students' attitudes, intentions, motivation, and other factors constituted a very strong research mode in the 1950s and 60s among sociologists and psychologists. It was probably not until the mid-60s that significant research was done by economists on cost. That research had considerable influence on the 1972 Amendments. The Congressmen involved in that legislation looked at the research results. It was very clear that the poor people did not go to school at the same level as did wealthy people of comparable ability. Congress set out in that mood at that time to remedy that situation. There still is a great deal of debate about the effects of receiving a grant. Does it make much difference? Some analysts are now very pessimistic. They feel that more money in the student aid system is going to make little difference in who goes to school.

In 1958, when the first student loan programs were started, many people in the Office of Education decided that there wouldn't be much demand for student loans. They looked at all the behavioral data that was available and concluded that they would not loan out all of the money in the first year of the student loan program. Of course, they were absolutely wrong. There was more demand than anyone had anticipated. There are other examples of that kind of misjudgment from time to time.

The federal government is currently conducting a large study called A Study of Program Management Procedures on Campus-based and Basic Grant Programs. It is considering three points in time—pre-MISAA, 1980, and about 1982,

when the impact of the reauthorization legislation is known. The study will look at the management and the impact of the programs and how they interrelate. The first part of the two-part study has been completed, and preliminary results show why at this stage the federal level might be a little hesitant to give aid officers and state people a lot of the responsibilities they desire. Stage I of the study is a descriptive analysis; there was enough data available to get some interesting preliminary information. The second part probes some of the specifics—namely, the relationship between funding and objectives, factors influencing the decisions of the institutions to participate in the program, and the impact of application and aid distribution procedures on both institutions and students. The study also investigates the factors affecting the ability of postsecondary institutions to implement the programs in accordance with the needs of students, and the factors affecting the participation of students in these programs, including counseling, consumer information, common application processes, common need determination, and the impact of these programs on the schools themselves.

The study is complex and extensive. Here are four questions investigated in the first part:

1. Program funding levels affecting the share of educational costs met by parents and students were examined. Essentially the study found, as might be expected, that the work-loan burden varied inversely with family income, i.e., the lower the income, the higher the burden. However, the data suggested that, by 1975-76, this burden was essentially equalized up to an annual family income level of about $20,000. Since there was no overall policy, aid officers have reason to conclude that they have done a good job rationing their aid. There is some data to support that. First-time students were working and/or borrowing to meet a much higher percentage of their educational costs in 1975-76 than in 1972-73. So, even though there was a growth in aid, students were paying more out of their pockets. Apparently this is because parents were contributing relatively less; there was a substitution of student aid for parental contribution. Although grants as a percentage of costs did not change, the burden of paying for college has shifted from parents to students.

2. Next, the question of program monitoring and audits was examined. This is an area of great concern to the federal government. Beginning in 1976-77 federal regulations required auditing of these programs, defining the four categories of deficiencies found most often. Recently, OE analyzed those audit reports and defined the following as the most critical problems: determining student eligibility and making awards, maintenance of internal control with the accounting system and record maintenance, carrying out of tuition refund policies and procedures (primarily concerning the proprietary schools), performing due diligence, and attempting to collect delinquent loans. Other frequently found problems were deficient accounting records, improper disbursement of funds, inaccurate loan collections, and incorrect award calculations.

3. In studying need analysis, the investigators found that while the 12 approved systems use primarily the same variables, a family of three in 1978-79 with an annual income of $15,000, assets of $30,000, and the primary wage earner aged 56 has an expected family contribution of $1,495 under ACT, $1,572 under CSS, and $2,040 under BEOG. The BEOG figure changes, though, with MISAA, so that it moves down to $1,311. Under MISAA, of course, the expected family contribution is almost always lower than those under the other systems.

4. Finally, the study investigated fraud and abuse. The investigators developed a computer model to simulate the effects of misreporting and potential misreporting. If every BEOG applicant underestimated family income by $100, it would cost the federal government an extra $36,000,000. If every applicant reported only 90 percent of family income and assets, that would be almost half a billion dollars more. If every applicant understated family assets by $5,000, the extra cost would be $34 million; if every dependent student understated student assets by $500, the extra cost would be $175,000,000.

The Department of Education has something called an exploratory evaluation of what programs are doing and what they are supposed to do. The Department put together a set of exploratory thoughts, one of which is an overview of the student financial aid program. It wanted a way to evaluate potential program impacts so that it could ask legislators about the implications of certain bills. Surveys go to the Congress, the policymakers in HHS, the Congressional Budget Office, and to OMB, as well as to state aid administrators and association staff and to student financial aid officers. The survey asks their opinion of the purposes of a new piece of legislation and results in a summary report of all responses. That summary then goes back to the people who make the final decision as a general consensus on the directions of a proposed program. The last step would be an analysis of program goals.

Researchers should know what information is available on the campuses before they structure the questions in research projects, to help make the campus respondents' task easier and thus eliminate some hard feelings. A recent study by the Department of Education did exactly that kind of homework. The schools were reimbursed for their participation. The investigators went to the campus and asked to examine campus files, student files, and information about financial aid packaging. Institutional questions were formed on the basis of all those case studies.

In another example of how research can help the practitioner in student aid, the Department of Education is using research to develop a concept similar to one used by the Internal Revenue Service—a long form for applicants with big problems, and a short form for the great majority of people who don't have problems. Such a concept cannot be developed without research. The department hopes to base the short form on three items: family income (both taxable and nontaxable), family size, and the number in school. Those three items would

be validated, and a value or index calculated. For an applicant at a certain income level and with a certain family size, a certain amount of assets are assumed and, all other things being equal, the index is entered as a fixed amount. All the applicants have to supply is those three bits of information, and administrators can calculate aid for them. Where does research come in? The indexes could not possibly be valid without a normative data base so that the impact on federal funding can be estimated. This short form is a direct research payoff that could make administrators' and applicants' jobs much easier.

Dissemination and Communication

Institutional studies should be more widely disseminated. Of the more than 900 studies that are in the recently published College Board bibliography on student aid, only 32 are from studies within institutions. That is just a small portion of the existing institutional research. One difficulty is just getting to know about available research studies and communicating or sharing results with others.

Institutional aid administrators should be given some guidance on how to do their own research. That would be more helpful to them than looking at national research. Institutional researchers should have a set of models, one-page reports that can interpret the kind of data most people use on campus. What would be the impact on the student body of a $220.00 tuition increase? How can that be reported to the administration on campus? What would be the impact of the change in BEOG curves on a specific campus next year? What would be the effect in terms of independent versus dependent students? These are some basic questions that should be answered, and the answers communicated to the president.

An outgrowth of research is a communication network of researchers. An institutional aid officer has different goals than a member of a congressional staff, and someone who works in a state agency has still another set of agenda questions. There are many potential levels of research. One aid officer might telephone four others and learn what they are doing with a new form of research. Research needs to be tied ultimately to the decision-making process. Researchers feel that they learn a great deal from their research, but perhaps others do not learn much at all from it.

There is a political process that affects research, too. Parties on opposing sides of an issue often each have research that will prove their position equally well. It always seems that one's own research is much more credible than anyone else's. For example, two of the associations in Washington have launched their own data collection processes on student aid. The independent college sector recently spent a great deal of money to set up their own computer system and collect data about their students and the aid packages they receive. The public college sector reacted by hiring the same data system firm to provide student aid data to them. So, instead of using a neutral and national set of data, the associations now begin to develop their own data system because they trust what went into the data base;

they know it reflects their questions and agenda. In each case, it is likely their data analyses will answer the questions which are important to them, and they will make all sorts of generalizations and arguments based on their data. It would be hard to persuade anyone that their own data base is not good, because no one else knows what is in it and how it was built.

In a comparative system there is a great deal of redundancy, and no one trusts anyone else's data or studies. That might be an appropriate reaction. Perhaps much of the research function ought to be decentralized so that institutions, states, and associations all carry out a small piece of the research. That wouldn't eliminate the necessity for a national or federal research agenda, but decentralized, uncoordinated research ought to be tied to the kind of decisions it is related to and the political setting in which the research is conducted. For example, the state of Arizona is very peculiar in the way it thinks about student aid. The kinds of issues and problems faced, the political climate, the decisions about student aid in the state are quite different from those in, for example, Vermont, which has large student aid programs and high public tuition and a very different kind of philosophy and tradition as well as different political, economic, demographic, social, and historical characteristics. Many states have developed a great deal of research capacity over the last few years. The 1202 Commissions, which are weak in some states and very strong and effective organizations in others, have been an attempt to build capacity. The loan guarantee agencies have become much stronger in the states during the last two or three years. The SSIG program has provided an awareness of the sensitivity and the need for research.

Research at the state level is important because the state makes so many more decisions than does the federal government. States control tuition at the state institutional level. They decide how much subsidy will be given to what kind of student and thus (indirectly) to the institution. States make the decision about program eligibility and entrance requirements.

There should be a formal network of institutional, state, and federal level student aid researchers who can get together regularly and communicate with one another. A good institutional study on student aid, if available to someone in another institution, can be extremely helpful. There are many research mechanisms, for example, the associations and professional groups of student aid researchers who are involved in 1202 planning groups. NASFAA and state student aid meetings have research agendas. Loan officers have other research concerns. Though there is no coordinated platform for communication about research, to a certain extent the College Board and ACT provide networks, and the *Journal of Student Financial Aid* is another one. There is enough potential so that it would not take long to develop a network that would allow institutions to share research results with the states or with the people at the national level.

Aid administrators see research as problem-solving from a practitioner's point of view. For example, they would like to know the characteristics of their NDSL defaulters. Who are they? What do they look like? How can they be identified so that more intense information can be gotten to those students so that the default

rate can be controlled? Who reads research results? Are the findings reaching the individuals who will make the necessary changes at the practitioner level so that research results can be implemented? In other words, do the presidents and the universities understand what researchers are doing?

There is another benefit in dissemination and communication. Intellectual capital and data bases are built up in the research community. The research agenda should lead to the kind of data bank that will allow policy research. That capability is needed at several levels. It certainly is used at the federal level. Congress has tripled its staff in the last seven or eight years because it feels it needs that capability.

Research should help answer questions and solve problems. Decision makers should help state the questions they want answered; then it is up to researchers to conduct the research and to communicate their findings in ways that decision makers can understand.

There are critical questions at the state level and at the federal level that should be tied together with campus-level research, with some overall research design and communication that can help all those levels to get answers. For example, a campus office of institutional research should be looking at the institution's NDSL defaulters. That kind of study doesn't require $200,000 and thirteen field researchers. There are several advantages to locally-initiated research. One, since it is the institution's question, there is direct interest in the results; two, it is done locally and directly reflects a unique student body; and three, it probably can be done for little money. If each one of 15 institutions does such a study based on a similar research design, they can come up with a synthesis of the important trends. Redundancy in research can be valuable. The federal or the national community should have a data base. It is also important that a data base be available to those in political competition who have different agendas, different perspectives, and a great deal of mutual distrust at various points. It is also important that competitive researchers have ready access to data bases, because they might need the answer to a question on one day's notice, and accessing one of the HHS's computer sets first is just not going to work. Quick responsiveness is needed in political competition.

The question of the utilization of research is extremely important and really not well understood. Research, when it is completed, may have no direct impact because it may be the wrong time for a decision to be made. However, it has other benefits. The results do get people thinking. The results may simply point to more research. Sometimes research which is done at the national level has little or no meaning to the practicing financial aid officer; the purpose may have been to see what can be done to improve the program nationally. There is serious inconsistency and variation in the ways institutional student aid offices process standard forms. Even on the same campus, there is variation between different aid officers. While this variation may indicate the flexibility needed to respond to applicants on an individual basis, it should be researched to provide a basis for defending or questioning the practice before it is dealt with on a purely political basis. Research is necessary on all phases of student aid.

SECTION VII

A New Role for the Coalition

Editor's Note: About three months after the Arizona State University Conference summarized in this report, the student aid community moved to expand and strengthen the Coalition. On June 5, 1980, the American Council on Education issued "A Call for Expansion, Reorganization, and Funding of the Coalition for the Coordination of Student Financial Aid" to 60 higher education organizations. The Call (reproduced herein as Appendix B) resulted in participation from 30 organizations. Financial support for the expanded Coalition's initial operations was sought from foundations. The Ford Foundation was the first to respond with a grant awarded in early December 1980. The first fall meeting of the "reborn" Coalition was held on November 14, 1980.

As the student aid community enters a new era under reauthorization legislation and the expanded Coalition, we hope this account of the concerns and deliberations of some of the community's leaders will encourage continued thoughtful dialogue on the future problems and prospects of student financial aid.

The Coalition for the Coordination of Student Financial Aid has been effective on technical and procedural issues; however, it has not had all the influence that it should have with major policymakers in HEW and in Congress. If the student aid community is going to provide a structure in which it will have a better channel of communication to the Congress and to the Department of Education on policy matters as well as maintaining its work within the community on administrative matters, the Coalition should be augmented and strengthened. The Coalition is a voluntary group that has been effective in many ways, but it has not had the strength, the structure, and the staff to effect the kind of communication and to have the political clout that will be necessary.

It will not be easy to find a formal problem-solving structure that will satisfy the student aid community over a long period. The financing of higher education in the United States is very much in an evolutionary state, and student aid is in a central role. The Coalition has probably worked in large measure because of its informality. But the whole process probably will not remain quite as informal as it has been during the period when the Coalition was dealing with forms and the need analysis problems. Student aid administrators will want to continue having the kind of input which the financial aid community has had, not just through their professional staff in Washington but also through the Coalition and the influence which the various committees of NASFAA on Title IV have been able to exert on

the whole process. That kind of input should continue because, in the final analysis, the aid administrator is on the firing line and is at the point where the whole process has to work. He or she is where everything must come together for the students, where particular circumstances have to be addressed sensitively and adequately.

Apparently the expanded Coalition is the most feasible alternative at this time. A valid concern is that the voluntary consultative/advisory Coalition approach is only a temporary expedient. There are few areas in higher education where this approach seems to work very well for very long. Certainly it is more practical to talk about influence structures rather than governing structures, because the federal government dominates the governing structure and will continue to do so. It should be recognized that there are thoughtful people who differ very much with the notion of an expanded Coalition. One problem is that it may be too interest group-dominated. One way to deal with this concern is a strategy that brings in as many interest groups as possible for the purpose of offsetting cliques or blocs. A group composed only of financial aid officers would have little credibility.

There are several problems with the present Coalition that result in the absence of policy discussion. Its unstructured quality at a time when adversary relationships are on the increase hinder its effectiveness along with a lack of participation from institutional presidents. A logistical problem is to get an influence structure that somehow is not dominated by practitioners. There are few experts who are not interest group-bound.

Interface with the Federal Government

There are policy-related problems on which the Coalition can be highly useful if it analyzes and develops and refines the policy successfully. For example, home equity is a volatile issue. The Coalition could find three or four alternative treatments of home equity, all of which would be developed with a finesse that is not possible to get out of the Congressional enactment. Congress desperately needs very thoughtful analytical advice. Another issue of the same sort is the independent student criterion. A thoughtful restatement of the alternatives is needed, one that would tend to minimize some of the obvious adverse effects. Perhaps the Congress has become too arrogant to listen, but it is well worth trying to develop communication with them. There is considerable Congressional concern about the fact that student aid is growing out of control and there seems no way to control it. Some sort of structure is needed that will rationalize Congressional policymaking and make it consistent over a period of time, because legislators are too responsive to changes in their constituencies every few years. This situation is detrimental in trying to maintain large programs that deal with large social problems over a long period of time.

At this time, there is probably no viable alternative to the present structure called the Coalition. It has worked very well, but it should be somewhat more structured

for the years ahead. In fact, the reauthorization legislation very naturally leads to that. It calls for the Secretary to consult with the community in a variety of areas. The present Coalition is a vehicle for doing that, and the student aid community needs to build on the obvious strength that is there. The Coalition should also be modestly staffed in order to accomplish more kinds of things, and it must be able to deal with policy issues rather than simply delivery system issues if the initiative is to be recovered from the Congress in some of these areas.

It is unfortunate that the Congress has found it necessary to specify so much administrative detail in the law. This trend has been mitigated by able and friendly congressmen and their staffs; when those individuals are gone, the student aid community is going to have to earn its way in order to take back some of the initiatives from the Congress and from the administration.

The Coalition has been very informal and has been fairly effective. There is something to be said for informality, but the real issue is to determine what tactical approach is the best so that those in the profession and others who deal with the aid process have some level of input into, and power over, what is going to be legislated and regulated. That is the real issue, and there are essentially two ways of dealing with it.

One is a more formalized association that would involve every constituency related to student aid. It would literally be in an adversary role vis-a-vis the Department of Education and would be a lobbying force with regard to delivery system issues and congressional policy.

Another approach would be to adopt the premise that "we have good, honest folks in the Department of Education; they may differ on regulatory and technical issues with professionals in the field, but their motivations are relatively pure. An informal, neutral structure should be retained to work in a cooperative rather than an adversary manner." If that approach failed to work, the individual associations like NASFAA, ACE, or ECS could lobby individually with Congress to try to get things changed.

These appear to be the two major options for an effective representation with the federal government. Prospects over the next 10 years are going to be pretty grim. There will be declining enrollment, financial constraints, and heated competition among institutions. Student aid will probably not be funded at an increasing rate forever, but it will still be a key factor in the struggle. Administrators must develop and control some kind of well-defined process that works in terms of program policy and the delivery system. If the various constituencies do not join to accomplish that and are constantly engaged in nonproductive confrontations, the opportunity for self-regulation and some measure of influence on the federal government in policy matters may be lost for good.

The Coalition for the years ahead needs somewhat broader participation. That need not be interpreted, as apparently some have, as institutional presidential

takeover, although that possibility may always exist. The reason that there has been little presidential participation is that the Coalition has dealt only with technical issues. The presidents ought not to be criticized for their lack of participation. They have been expected to get very passionate every few years about BEOGs, SEOGs, and GSLs, and they have known very little about them. Their participation can be engaged in a way that will cause that to happen. Presidents can't ignore student aid any longer. The proposed new Coalition is very modest, and is quite rightly characterized as an extension and expansion of the status quo. It builds on something that looks rather satisfactory but needs a little tinkering.

It may be useful to turn the present voluntary Coalition (which is now a type of neutral forum where ideas can be debated and consensus reached) into an advocacy group; or it may be better to leave it such that those who dissent from voluntary consensus can go back and do the advocacy work that needs to be done through their own channels. The distinction between neutral forum and advocacy group is critical. If the Coalition becomes an advocacy group, no association would surrender any of its sovereignty by virtue of participating, and the Coalition need not be always or predominantly adversarial. Would the student aid community really lose something if the Coalition started advocating consensual positions rather than continuing to operate as a loose association of constituent groups? It is possible that the Coalition might give up power if it became a formally structured body which would have to take formal positions, perhaps with minority opinions and so forth. Nonetheless, that risk is perhaps justifiable because there needs to be some sort of structure somewhere that addresses policy issues other than those expressed in congressional initiatives. Essentially those alternative views are not expressed now, except, of course, through the usual means of various constituent groups getting their views before congressional committees and to individual Congressmen through lobbyists; but there is no structure or cohesion to this method. The question is whether or not something as massive and influential as student financial aid should continue without any kind of unified policy. There may be some merit in the British system of "muddling along" as a sort of Darwinian way of letting critical problems surface and be dealt with as they emerge, but perhaps this laissez-faire approach has already existed too long.

In a very pessimistic scenario for the next four or five years, in which enrollments start dropping significantly and states find themselves cutting central programs, does this voluntary Coalition have any chance of surviving when all those lions start to fight? Is it as appropriate a mechanism for higher education in decline as it perhaps was during the growth period?

One way in which the Coalition could be most useful is if it represents an island of integrity in a sea of cynicism. Some observers contend that Congress is playing pork-barrel politics with student aid, and institutions are competing in a most cynical way using student aid as bait; audit reports are surfacing which show that the independent student status is grossly abused. Therefore, the groups that can

say, "We really have looked at this question for a period of years, this is the structure of the problem, here are some alternatives, and this is the best form of each major option" could have an extraordinary amount of influence. However, if over the next two or three years the Coalition comes to be known as an organization that speaks for the self-interest of any one constituency or if it is party to some unsavory deals (and no one is suggesting the Coalition has been), then the chance for significant influence would be greatly reduced.

Until now the pattern has been one of self-regulation not doing the job and the federal government moving in to regulate. The problem is that once regulation is in place, it tends to become permanent. And as areas are added and none are removed, the pattern eventually becomes one of total regulation. There is an opportunity in the early phases of reauthorization for the student aid community to move into a self-regulation mode. Even the Department of Education legislation talks about local control, parents' responsibility to the state, and the federal role as a supplement. So self-regulation is needed, but it is also likely that there will be guidelines and procedures that allow the government to deal with the schools that are guilty of abuse. The role of the Coalition would be to develop a series of procedures and guidelines that would be standards of the industry in, for example, setting student expense budgets. But the standards must withstand the test of time, and only with a decent research basis will that occur. Agreement in industry is one thing, but that is only a dialectical process, and if it is not fair and just, ultimately it will fail.

The Role of Student Aid Administrators in the New Coalition

In an expanded Coalition, how can the special interests of the member organizations be kept relatively pure? Where does the student-parent viewpoint come in? Should it? From a starkly realistic viewpoint, the expanded Coalition should not be seen as representative of the student financial aid community or of the public interest. It should be taken just for what it is, an association of associations, that is, of special interest groups: the people who are institutionally involved in the student aid process. True, students are represented, but students come and go; their organizations are poorly financed and cannot really represent them with any degree of authority even though they are occasionally effective. For example, the student organizations singlehandedly defeated NASFAA's efforts to get administrative allowances built into the Basic Grant Program and the Guaranteed Student Loan Program. But in a vastly expanded Coalition, they would be 1 organization in the midst of 20 or 30.

On another point, if the Coalition becomes much more formalized and needs a permanent staff of some sort, how does that staff get hired and paid and evaluated? A grant from the Ford Foundation or the federal government could support it initially, but eventually the staff would probably be most accountable either to a dominant bloc in the Coalition or to the sponsoring organization. Present plans are to have foundations pick up the cost of the expanded Coalition staff work, at least initially. It would be terribly difficult to get financial support

from the federal government at this time. Perhaps later, but not initially, support could be obtained from the dues and general treasuries of the various constituent organizations.

The question now becomes, who should and can influence and dictate the input into professional decisions that are made in student aid? The Department of Education will be expected by the Congress to propose legislation that will entail delivery considerations. Congress will then review the proposals and decide what should be done. But what happens to student aid professionals? Where do they fit in? All student aid constituencies are asking these questions; aid administrators, state agencies, and students are asking them. What is the planning and governing process, and how do all of the student aid constituencies, especially campus administrators, participate?

On the national level, student aid administrators are unlikely, at least in the immediate future, to arrive at a point where they would have the sort of interchange and opportunity for the kind of input that has worked well in some states like California. Even there, the situation will unquestionably move to a more formal structure with respect to decisionmaking about the student aid process. That is inevitable, and is going to introduce politics into the process. At the federal level, politics will play an even more overpowering role than it already does.

Final Thoughts

Various ways have already been considered in which the Coalition for the Coordination of Student Financial Aid might be changed through reauthorization to essentially allow top institutional management an opportunity to have more influence over policy. Institutional presidents have suddenly become very interested in student financial aid, since student aid makes up one-third of the budget of the new Department of Education and makes up 92 or 94 percent of all the funds for postsecondary education. And rightly so; they should have a greater voice in shaping policy. The legislation authorizing the new Department of Education creates an Intergovernmental Advisory Council on Education that is to have staff support and is made up of parents, students, elementary and secondary people, postsecondary people, and others. It could potentially become a vehicle for community input and effective partnership activity. Of course, it would operate at the level of Secretary of Education. In the deliberations about the future of governance and what mechanisms might be created, it should be borne in mind that the Congress has created this intergovernmental advisory council and mandated that it be supported.

The student aid community should be apprehensive about what can happen on the legislative scene. Congress and state legislatures do not always consider data or think about the total ramifications, but sometimes act quickly to respond to a few highly visible or vocal viewpoints that may not really represent the total. That is the trend, and whether it is realized or not, once the political approach begins

and is in place nationally, there will be many people who believe that its laws and policies have great wisdom, were well researched, and therefore must be very good for the country. In reality, it is sobering to consider the motivations for the present federal laws requiring common methodology for home equity, taxation rate, or other student aid issues, because they have been accepted so uncritically. People believe that whatever rule, regulation, or law comes out of Congress has been well thought through, is heavily researched and documented, and is thoroughly good for the country. Can student aid professionals accept that? But that is the reality that many state legislators and master planners assume, and they are reshaping state and institutional student aid policies accordingly. The only way to counteract that trend is to have a group of professionals who have worked in the field and who can influence those who might immediately want to adopt all of the political actions.

The proposed new Coalition will be well advised to try to co-opt the federal bureaucrats rather than to fight them from the beginning. The Coalition in the past has chosen to view itself as a technical rather than a policy advisory body. However, a case can be made for the Coalition unavoidably being a policy body, since technical matters, such as simplicity of forms, also affect policy issues, like access and choice, in a most significant way. The Coalition should recognize and confront this policy role, and in doing so, carry it out more effectively.

APPENDIX A

Conference Leaders

ROBERT ATWELL - Vice President, American Council on Education

ROBERT BOWMAN - Assistant Director, Arizona Commission on Post-secondary Education

JOSEPH BOYD - Executive Director, Illinois State Scholarship Commission

THOMAS BUTTS - Deputy Commissioner for Student Financial Assistance, U.S. Office of Education

PAT CLARK - Coordinator, Financial Aids, Arizona State University

SAL CORRALLO - Director, Postsecondary Programs Division, U.S. Office of Education

ROSS ERBSCHLOE - Executive Director, Arizona Commission on Post-secondary Education

ROBERT FENSKE - Professor of Higher Education, Arizona State University

DENNIS HEGLE - Director of Financial Aid, Scottsdale Community College, Past President, Arizona Association of Student Financial Aid Administrators

JOE HENRY - Vice President for Student Assistance Programs, The American College Testing Program

ROBERT HUFF - Director of Student Financial Aid, Stanford University and President, National Association of Student Financial Aid Administrators

MARTIN KRAMER - Senior Fellow, Carnegie Council on Policy Studies in Higher Education

JOHN LEE - Senior Research Associate, Abt Associates

ARTHUR MARMADUKE - Director, California Student Aid Commission

JAMES NELSON - Vice President, College Scholarship Services

JOSEPH PENISKA - Intern, Grand Canyon College and President, Arizona Association of Student Financial Aid Administrators

VINCENT ROIG - Coordinator, Financial Aids, Arizona State University

ROGER SWANSON - Dean of Admissions and Financial Aids, Arizona State University

CHRISTINE WILKINSON - Director of Admissions, Arizona State University

APPENDIX B

A Call
For Expansion, Reorganization, and Funding
of the
Coalition for the Coordination
of Student Financial Aid

Until the mid-1970's, the process of "governing" student financial aid was characterized by a largely informal give-and-take of responsibilities and decision-making authority. The inception of the Basic Educational Opportunity Grants and the expansion of funding of other federal and state aid programs which occurred in 1972 brought strains to the delivery system mechanism and called into question that form of governance. In response to those strains, the postsecondary educational community formed the National Task Force on Student Aid Problems. The Task Force directed its attention to public debate of issues concerning the delivery system, development of consensus solutions to those issues, and advancement of those solutions for consideration and implementation by federal, state, and institution policy makers and administrators.

The Task Force was intentionally and formally organized for a fixed time. When that time expired it recommended that its activities be continued by a "coalition" sponsored by the American Council on Education and the Education Commission of the States. Since 1975, the Coalition for the Coordination of Student Financial Aid has represented the interests of students, states, and post-secondary institutions in delivery system issues. Many of the recommendations of the Task Force have been implemented under the guidance of the Coalition; many new issues have been addressed and new solutions have been developed by the group.

There has been a developing consensus, at least among some state and institutional administrators, that the time has come to formalize, expand, and fund the activities of the Coalition to provide for a broad-based mechanism to assert institutional, consumer, and state interests both in delivery system and policy issues concerning student aid. The formation of the new cabinet-level Department of Education and the consultative requirements placed upon the Secretary by several sections of the language of the Education Amendments of 1979 provide an opportunity to expand on the successes of the current Coalition.

A series of meetings during the summer and fall of 1979 have advanced this proposal for the formation of the National Student Aid Coalition. The new Coalition would build on the existing one, both in organization and method of operation. It would, however, expand both the membership and the agenda to raise policy and operational issues and provide suggested resolutions from concerned communities earlier, and at the level of policy development. The

functions and purposes of the expanded coalition would be to facilitate coordination of effective student aid policies among federal, state, and institutional student aid programs. The general functions would be:

1. To provide a mechanism for focusing the perspectives and concerns of a variety of interested groups in identifying issues and effectively coordinating national aid policies among federal and state agencies and institutions.

2. To develop and maintain the desired relationships between the aid provided by different funding sources and the aid provided through different delivery mechanisms.

3. To develop and maintain the standards by which financial need (but not necessarily program eligibility) would be measured.

4. To formulate mechanisms for coordination of the systems by which aid is delivered to states, institutions, and individual students and the principles by which that aid is administered in such areas as calendar, forms, definitions, public information programs, levels of staff, etc.

5. To identify or conduct studies evaluating the impacts of student aid on students, families, institutions, states, and society.

A group of organizations representing different interests spanning the post-secondary education community should be invited to designate their elected head or when the elected head is not available then the elected head's designee to serve on the Coalition. Initially those would include:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community and Junior Colleges
American Association of State Colleges and Universities
American College Testing Program
American Council on Education
Association of American Universities
Association of Independent Schools and Colleges
College Scholarship Service Assembly of the College Board
Coalition of Independent College and University Students
Consortium on Financing Higher Education
Cosmetology Accreditation Commission
Education Commission of the States
Educational Testing Service
Graduate and Professional Student Financial Aid Council
Higher Education Assistance Foundation
National Association of College Admissions Counselors
National Association of College and University Business Officers
National Association for Equal Opportunity in Higher Education
National Association of Independent Colleges and Universities

National Association of State Scholarship and Grant Programs
National Association of State Universities and Land-Grant Colleges
National Association of Student Financial Aid Administrators
National Association of Trade and Technical Schools
National Conference of State Legislatures
National Council of Higher Education Loan Programs
National Governors Association
National Student Educational Fund
State Higher Education Executive Officers
Student Loan Marketing Association
United States Student Association
United Student Aid Fund

The individuals designated by these thirty-one groups would make up the "organizational" members of the Coalition. These members may appoint "public" members to represent points-of-view and constituencies not already included. As issues arise, the Coalition would solicit the participation and, when appropriate, the membership of other postsecondary associations.

Members of the federal executive and legislative branches intentionally have not been included as *members* of the Coalition. They would, however, be invited to attend its meetings and to participate fully in all discussions and deliberations of the Coalition. The same invitation would be extended to interested associations which might not be members of the Coalition.

The full Coalition would meet four to six times a year, as needs and agenda dictate. There will be an Executive Committee as defined in the by-laws, consisting of Coalition members nominated by the Chair and elected by the Coalition. Members of the Executive Committee shall be elected for two-year terms and may be reelected for one additional two-year term, but may not serve for more than two consecutive terms. During the first year, half of the members shall serve for one year and half for two years, the members to serve for one year being determined by lot. Subsequently, all members shall serve for full two-year terms. The Chair of the Coalition will be elected by the Coalition membership to a nonrenewable two-year term. The Chair of the Coalition will also be Chair of the Executive Committee. The members of the Committee will be nominated by the Chair so as to include representatives from associations of states, institutional chief executive officers, aid administrators, service agencies, students, and the public at large.

The Executive Committee will be responsible for:

1. Planning the agenda and identifying policy and technical issues for consideration of the Coalition.

2. Establishing policies for the appointment and supervision of staff, budgeting, planning, and administration.

3. Taking necessary actions on behalf of the Coalition between meetings.

4. Such other duties and responsibilities as may be assigned by the Coalition.

There might also be other committees of the Coalition, to be appointed by the Chair after agreement by the Executive Committee as to the need for and role of such committees. Membership in some committees might include persons with special technical expertise from organizations not holding membership in the Coalition.

Although ACE would serve as fiscal agent for the Coalition and provide administrative and logistical support, the Coalition would be an independent body responsible to its membership and not to ACE. The staff would be responsible to the Executive Committee of the Coalition.

While the intended purpose of the Coalition would be the development of consensus among the postsecondary community, participation in the Coalition would not infringe on the right of any organization or individual to take a position independent of or in opposition to that of the Coalition.

Initial funding for the Coalition would be sought from private foundations. The problems it will address, however, will require a long life into an indefinite future. Private foundation support for such a long-range project can not be expected. One of the initial tasks of the group would be the development of a plan for permanent, long-term funding of its activities. Consistent with that goal, initial funding support would be requested for a fixed-term (perhaps two or three years) with specific performance goals outlined in the initial proposals. If a viable alternative for funding could be developed during that initial period, and other performance goals were met, the Coalition could seek additional support from the foundations for a period of transition to regular, nonfoundation support.

The current governance mechanisms have served student aid ably through a period of important development of programs and expansion of effort. The Coalition for the Coordination of Student Financial Aid has provided a useful device to represent the interests of states, institutions, private groups, and students in negotiations with the federal government during this period of growth and development. The period of transition—a new Department of Education, a new Higher Education Act, increasing pressures for public and private accountability, etc.—through which postsecondary education and student aid can reasonably be expected to pass in the next decade call for a mechanism which can capitalize on the strengths of the current Coalition and, at the same time, develop new relationships and new approaches. In particular, we wish to preserve as much as possible of the value of the present Coalition as a forum for the discussion of common problems and believe there is nothing in the proposal which abrogates that value.

June 5, 1980